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ABSTRACT

Detailing the false starts, uncertainty, and internal questioning that occur as companies organize and manage language simplification projects, the 12 case studies contained in the two sections of this book reveal how some business organizations have benefited by simplifying consumer documents. Descriptions of each case contain information on the background and payoffs of the project, and materials available. The resulting plain English products are said to improve each company's image and competitive position as well as streamline procedures, eliminate unnecessary forms, and reduce customer complaints. The first section details the approaches of the following corporations to assigning responsibility, gathering data, using in-house talent or consultants, and testing materials: (1) Citibank, N. A.; (2) Home Owners Warranty Corporation; (3) J. C. Penny Company, Inc.; (4) Pfizer, Inc.; (5) Roche Laboratories/Hoffman-LaRoche Inc.; (6) Shell Oil Company; and (7) Target Stores. The second section describes simplification projects initiated by four insurance organization that were among the pioneers in the movement to simplify insurance policies in the 1970s: Aetna Life & Casualty, American Council of Life Insurance, Insurance Information Institute, Sentry Insurance, and St. Paul Fire and Marine Insurance Company. An explanation of Flesch Reading East Test is appended, as is a checklist for organizing and managing a corporate plain English project. (JD)

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ED277033

Using Consultants for Business

Twelve Case Studies

U.S. Department of Commerce
Office of Consumer Affairs

CS 210 242

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Secretary's Message

Talking or writing in plain English is a challenge to both the private and public sectors. In this book of case studies, 12 corporations and trade associations tell how they met this challenge.

All had different problems which required solutions tailored to their own particular needs. All efforts led to better communications with the public.

We can learn from the experiences described in these frank articles. They show how clear, simple consumer documents pay off for business as well as for customers.

Government also can benefit. That's why we at the Commerce Department work to save the public's time and money by using plain English.

We are pleased to work with the corporations and associations represented here. I am grateful for the effort their officials have given to this partnership project.

Malcolm Baldrige

Secretary of Commerce

How Plain English Works for Business

Twelve Case Studies

Office of Consumer Affairs
U.S. DEPARTMENT OF COMMERCE

March 1984

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Acknowledgments

In planning this book, Commerce's Office of Consumer Affairs worked closely with 12 private sector colleagues. Each is an official with one of the business organizations represented here, and each served as our contact with his or her company or association. They played major roles in developing these case studies.

It has been a pleasure working with these business people, and we thank all of them.

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Director, Corporate Communications

American Council of Life Insurance
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Actuary

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Sentry Insurance
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Shell Oil Company
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Manager, Corporate Advertising

St. Paul Fire and Marine Insurance Company
John D. Horton, CPCU
Manager, Forms Simplification

Target Stores
Jane A. Wikstrom
Director, Consumer and Public Relations

Preface

These case studies describe how some business organizations have scored successes by simplifying consumer documents. These companies found payoffs in producing easy-to-read warranties, credit contracts, insurance policies, and product information booklets.

When a company simplifies its language, it builds business and saves time and money. It streamlines procedures, eliminates unnecessary forms, and reduces customer complaints. Its employees, as well as its customers, get a better grasp on how the company does business. This increases productivity and customer satisfaction.

Simplifying documents is not easy. These case studies show there are false starts, uncertainty, and internal questioning as companies organize and manage their simplification projects. But each project results in useful plain English products that improve the company's image and its competitive position.

If your company decides to develop its own plain English project, you can profit from these studies. You may avoid some pitfalls by learning how others handled certain situations. At the least, when problems arise you will be reassured that technical difficulties and temporary setbacks are normal. And in managing the project, you can plan your procedures and chart your progress with the checklist in Appendix 2.

After you have simplified your own consumer documents, we hope you will tell the Commerce Department of your experience so that we can keep the business community up-to-date on plain English.

LEE L. GRAY
Director of Consumer Affairs

March 1984

SECTION A

Seven Corporations: Seven Approaches to Plain English

Introduction

These seven studies show how plain English has worked during the past decade for a bank, an oil company, two retail chains, two pharmaceutical firms, and a warrantor of new homes. It's noteworthy that each turned to plain English for a different reason.

Compare the two companies that produced simplified legal documents. Citibank acted voluntarily when it changed its promissory note for consumer customers. But when the Home Owners Warranty Corporation simplified its insured warranty for home buyers, it was responding to a mandate in the Magnuson-Moss Act passed by Congress in 1975. More recently, State plain English laws have placed simplification requirements on many companies. This trend started in New York in 1978, as noted in the Citibank case study.

Still other reasons motivated the four companies that developed consumer information materials. JCPenny set an eighth-grade reading level as a basic requirement when it first planned its booklets to help consumers make buying decisions. Pfizer began its magazine for a college-level audience, but later moved to an eighth-grade level as circulation increased and the audience broadened. Roche Laboratories' first target audience was the elderly patient; plain English was so effective that it was also used for later publications aimed at all patients. Shell Oil made plain English an essential ingredient in its campaign to improve corporate image by giving consumers useful facts about car maintenance.

The seventh company, Target Stores, turned to plain English signs for customers in its self-service stores, to give information about merchandise.

Each corporation managed its project differently, too. The case studies spell out varied approaches to assigning responsibility, gathering data, using in-house talent or consultants, and testing materials.

The Citibank Simplified Promissory Note

In 1973, Citibank voluntarily chose to write a consumer loan agreement in everyday language. Behind this pioneering decision were: a concerned chairman; business goals; and attention to consumer needs.

Background

Historically, if a bank needed a promissory note for consumers, as opposed to corporate clients, its lawyers would draft a traditional promissory note. No particular distinction was made between John Smith borrowing for a summer vacation and Standard Oil borrowing to build a refinery. The promissory notes that consumers signed tended, therefore, to be long, dense, and complex; they gave "full protection" to the lender.

But in 1973, Citibank decided that it needed a promissory note for consumers, a note written in everyday language any individual borrower could understand. Writing a consumer loan agreement in consumer language was radical. There were no models to follow. When Citibank took this step, officials in every division—from senior management through lawyers, marketing executives, data collectors—had to be convinced that their legitimate needs wouldn't be sacrificed. Why did Citibank impose this difficult assignment on itself?

Citibank and consumer customers

At Citibank, a committee had been established in 1970 to analyze consumer-related problems. The committee was appointed by Walter Wriston, chairman of the board of Citicorp, Citibank's parent corporation. Wriston had been concerned about Citibank's image. He selected 10 young staff members at Citibank. Their charge: to recommend how Citibank could become a better corporate citizen of New York City.

The committee soon decided to focus on problems concerning the bank's consumer customers. One of its major recommendations focused on the need to change the bank's process for collecting consumer debts. Behind this recommendation lay the committee's discovery that, in order to collect payments on consumer loans, the bank relied heavily on suits against consumers. Citibank was, in fact, the third largest suer of consumers in New York City—following only the phone company and Con Edison.

Writing a simple, clear promissory note for consumers became a top priority in the drive to change the consumer debt collection process. The need was obvious. Consumers had great difficulty understanding their responsibilities as borrowers, as laid out in the traditional loan form. Moreover, lawyers and judges who handled these cases in small claims court were also intimidated by the language of the note. And even Citibank's own lending officers admitted that they found some clauses incomprehensible.

Simplifying the promissory note

When the committee decided in November 1973 to simplify the promissory note for consumers, the action was purely voluntary. No law required that the document be changed. Nor was simplification needed to maintain a competitive position.

How should a document be simplified? There were no models to follow. As the drafters put pen to paper, they quickly learned that the task readily divided into three components: substance, language, and design.

Substance. The principal reason the original promissory note was so long was that it covered several types of loan transactions and thus had to give the lender a wide variety of legal remedies if problems developed with the borrower. Many provisions were instantly identified as having little value in the typical low-balance consumer loan for which the form was principally used. These either arose so rarely or added so little real benefit that, while theoretically useful, they could reasonably be deleted. Ultimately, selected deletions reduced the note to something like a third of its original size. There were no written criteria concerning what to delete. Each issue was negotiated separately.

There were difficulties in determining what could be deleted and what must remain. Decisions required a prolonged series of discussions among lawyers and business managers. How often did situations actually arise along the lines that were envisioned by the lawyers? When had a legal "protection" last been relied upon? If a provision were eliminated, might another serve the same purpose? Were all of the protections actually enforceable in law? Were they consistent with the public image that Citibank wanted? And so on.

These questions were not easy to resolve. A marketing executive, for example, might happily agree that lines of "boilerplate" could be eliminated, while one whose responsibility was to collect unpaid loans would not want to relinquish every right the bank had. Since the bank did not keep records on every point, memories differed on what had been important and what had not. Some considered various provisions to be potentially important even though they might never have been used.

A clear example was the so-called "events of default." A borrower typically defaults to a lender when he or she fails to pay. The lender will, however, often want to consider the obligation to be in default if certain other significant events occur. The default provisions in the original promissory note included this:

> In the event of default in the payment of this or any other Obligation or the performance or observance of any term or convenant contained herein or in any note or other contract or agreement evidencing or relating to any Obligation or any Collateral on the Borrower's part to be performed or observed; or the undersigned Borrower shall die; or any of the undersigned become insolvent or make an assignment for the benefit of creditors; or a petition shall be filed by or against any of the undersigned under any provision of the Bankruptcy Act; or any money, securities or properties of the undersigned now or hereafter on deposit with or in the possession or under the control of the Bank shall be attached or become subject to distraint proceedings or any order or process of any court; or the bank shall deem itself to be insecure...(then, the note shall be considered in default.)

Each of these "protections" had to be measured carefully against the risks inherent in the particular transaction for which the promissory note was designed: a cash loan, usually in relatively low balances, to a consumer borrower. As a result of this process, the "events of default" in the simplified promissory note ultimately appeared in this way:

> I'll be in default:
> 1. If I don't pay an installment on time; or
> 2. If any other creditor tries by legal process to take any money of mine in your possesion.

See Illustrations 1 and 2 on pages 8-10 for complete texts.

Language. The second step was to take the substantive provisions that should remain in the simplified note and put them into language that the consumer could understand. The absence of writing standards was, however, immediately troubling. Was it purely a matter of aesthetics and taste, or could some objective measure be used as a guide? It was learned that objective standards did exist. Rules of writing, designed to enhance understandability, were available as the result of research that had been conducted in fields outside of law and banking. To utilize this knowledge, Citibank retained a communications consulting firm which had on its staff an internationally known psycholinguist, Rudolf Flesch. Sentences quickly became shorter; passive constructions became active; negatives became positives; and compound and complex sentences became simple.

"Legal" phraseology was a continuing problem. Lawyers have adopted particular forms of expression. Some were clearly matters of tradition and could easily be dispensed with. (Lawyers sometimes prefer two words when one will do. Note "performance or observance," "term or convenant," "contract or agreement," "evidencing or relating to," "performed or observed," all in the above extract from the old note.) However, many terms that are generally familiar to lawyers presented special problems. Were they technical "terms of art," necessary to reach a particular result, or were they just writing traditions without well-defined effects? Does a note have to begin with "for value received?" If there are two borrowers, must they be bound "jointly and severally?" Ultimately, through the combined efforts of psycholinguists, lawyers, and executives, the problems were resolved.

Design. It was not enough for the ultimate document to be reduced in content and simplified in language. A form that is not pleasing to the eye repels the reader. Something that looks like a traditional legal document will probably not be read, however simple its content and language. For this purpose, there was a science of design. Studies existed showing the most effective line length, distances between lines, type size and design, and margin formats; even different colors had predictable effects.

Ultimately, the form was printed in black with green headings on buff paper. Margins were generally "justified" left and "ragged" right. The type was a serif style in a 10-point size. Almost no sections of all capital letters were used. Headings were used and color-contrasted to the paragraph text. The result was a form that told the observer that it was meant to be read.

In-house attitudes

Now, in 1984, the concept that a consumer document should be written in consumer language has become respectable. In 1973, it was felt that a massive loan portfolio should not be put at risk under new and untested language. Some marketing people felt that consumers were not drawn to banks by the nature of their forms and that the whole exercise was essentially meaningless. Business managers responsible for collecting debts decried the loss of any legal protection. Other participants saw no need for a new form at all. Many didn't care one way or the other. Ultimately, it was the commitment of senior management to the project that brought it to fruition. There was a strong sense in Citibank's upper echelons that the new note was "right." It had the image that the bank, committed to consumer service, wanted to project. If consumers signed something, they should understand it. Citibank was ready to make this commitment.

Payoffs of the project

Citibank had cause to be pleased with its achievement.

- **The new promissory note supported Citibank's efforts to increase its market share among New York consumers.**
- **Praise poured in from consumer advocates who had traditionally been wary of the large banks.**
- **Senator William Proxmire, Chairman of the Senate Banking Committee, stated in the *Congressional Record* (February 3, 1975):** "Mr. President, as one

who has never been shy of criticizing financial institutions when criticism is deserved, I am just as liberal with praise when I hear of a big bank with a progressive idea."

- **In a joint experiment, Citibank and Ralph Nader's staff worked together to write a publication telling consumers how to use small claims court.** Initially distributed by Nader's group, the booklet is now available through New York's small claims court.
- **Within a few years of introducing the simplified note and the new collection processes, Citibank considerably reduced the number of suits it brought against consumers.**

Today, the program to simplify the language of consumer documents is still in full swing. All of Citibank's consumer forms have been revised. Teams of lawyers and managers throughout Citibank do the work of simplifying the documents, with occasional help from consultants.

One unexpected development in 1978 was the introduction and rapid passage in Albany of a statute, now called New York's Plain Language Law, generally requiring that consumer contracts be written in understandable language. At first, Citibank was not pleased with the law and went to some lengths to point out that it had essentially been the absence of controlling legislation that had enabled it to pioneer the new form. The law's sponsor, however, felt that legal compulsion was necessary to stimulate banks in general to adopt the new approach. While the Plain Language Law has worked well in New York and in the other states with similar legislation,* the effort of the Commerce Department to encourage widespread voluntary use of simple English is clearly the most agreeable way to accomplish the desired result. There are now models of simple language in many different contexts; companies have ample evidence that they can achieve better communication with their consumers through simpler language. Citibank has improved its image and saved costs on consumer litigation by simplifying documents.

Materials available

- Citibank's original promissory note
- Citibank's revised consumer promissory note

For sample copies and for further information, contact:

Carl Felsenfeld, Esq.
Vice President
Citibank, N.A.
399 Park Avenue
New York, NY 10043

** Since passage of the 1978 New York law, similar laws have been passed in six other States—Connecticut, Hawaii, Maine, Minnesota, New Jersey, West Virginia.*

Illustration 1: Original Consumer Promissory Note (front)

PM 660 REV 9-74

FIRST NATIONAL CITY BANK
PERSONAL FINANCE DEPARTMENT - NEW YORK

APPLICATION NUMBER _____

PROCEEDS TO BORROWER	(1)	$
PROPERTY INS. PREMIUM	(2)	$
FILING FEE	(3)	$
AMOUNT FINANCED (1) + (2) + (3)	(4)	$
PREPAID FINANCE CHARGE	(5)	$
GROUP CREDIT LIFE INS. PREMIUM	(6)	$
FINANCE CHARGE (5) + (6)	(7)	$

ANNUAL PERCENTAGE RATE _____ %

$ _____ TOTAL OF PAYMENTS (4) + (7)

FOR VALUE RECEIVED, the undersigned (jointly and severally) hereby promise(s) to pay to FIRST NATIONAL CITY BANK (the "Bank") at its office at 399 Park Avenue, New York, New York 10022 (i) THE SUM OF

_____ ($ _____) (TOTAL OF PAYMENTS)

( ) IN _____ EQUAL CONSECUTIVE MONTHLY INSTALMENTS OF $ _____ EACH ON THE SAME DAY OF EACH MONTH, COMMENCING _____ DAYS FROM THE DATE THE LOAN IS MADE; OR ( ) IN _____ EQUAL CONSECUTIVE WEEKLY INSTALMENTS OF $ _____ EACH ON THE SAME DAY OF EACH WEEK, COMMENCING NOT EARLIER THAN 5 DAYS NOR LATER THAN 45 DAYS FROM THE DATE THE LOAN IS MADE; OR ( ) IN _____ EQUAL CONSECUTIVE BI-WEEKLY INSTALMENTS OF $ _____ EACH, COMMENCING NOT EARLIER THAN 10 DAYS NOR LATER THAN 45 DAYS FROM THE DATE THE LOAN IS MADE, AND ON THE SAME DAY OF EACH SECOND WEEK THEREAFTER; OR ( ) IN _____ EQUAL CONSECUTIVE SEMI-MONTHLY INSTALMENTS OF $ _____ EACH, COMMENCING NOT EARLIER THAN 10 DAYS NOR LATER THAN 45 DAYS FROM THE DATE THE LOAN IS MADE, AND ON THE SAME DAY OF EACH SEMI-MONTHLY PERIOD THEREAFTER, (ii) A FINE COMPUTED AT THE RATE OF 5¢ PER $1 ON ANY INSTALMENT WHICH HAS BECOME DUE AND REMAINED UNPAID FOR A PERIOD IN EXCESS OF 10 DAYS, PROVIDED (A) IF THE PROCEEDS TO THE BORROWER ARE $10,000 OR LESS, NO SUCH FINE SHALL EXCEED $5 AND THE AGGREGATE OF ALL SUCH FINES SHALL NOT EXCEED THE LESSER OF 2% OF THE AMOUNT OF THIS NOTE OR $25, OR (B) IF THE ANNUAL PERCENTAGE RATE STATED ABOVE IS 7.50% OR LESS, THE LIMITATIONS PROVIDED IN (A) SHALL NOT APPLY AND NO SUCH FINE SHALL EXCEED $25 AND THE AGGREGATE OF ALL SUCH FINES SHALL NOT EXCEED 2% OF THE AMOUNT OF THIS NOTE, AND SUCH FINE(S) SHALL BE DEEMED LIQUIDATED DAMAGES OCCASIONED BY THE LATE PAYMENT(S); (iii) IN THE EVENT OF THIS NOTE MATURING, SUBJECT TO AN ALLOWANCE FOR UNEARNED INTEREST ATTRIBUTABLE TO THE MATURED AMOUNT, INTEREST AT A RATE EQUAL TO 1% PER MONTH AND (iv) IF THIS NOTE IS REFERRED TO AN ATTORNEY FOR COLLECTION, A SUM EQUAL TO ALL COSTS AND EXPENSES THEREOF, INCLUDING AN ATTORNEY'S FEE EQUAL TO 15% OF THE AMOUNT OWING ON THIS NOTE AT THE TIME OF SUCH REFERENCE, FOR NECESSARY COURT COSTS. THE ACCEPTANCE BY THE BANK OF ANY PAYMENT(S) EVEN IF MARKED PAYMENT IN FULL OR SIMILAR WORDING, OR IF MADE AFTER ANY DEFAULT HEREUNDER, SHALL NOT OPERATE TO EXTEND THE TIME OF PAYMENT OF OR TO WAIVE ANY AMOUNT(S) THEN REMAINING UNPAID OR CONSTITUTE A WAIVER OF ANY RIGHTS OF THE BANK HEREUNDER.

IN THE EVENT THIS NOTE IS PREPAID IN FULL OR REFINANCED, THE BORROWER SHALL RECEIVE A REFUND OF THE UNEARNED PORTION OF THE PREPAID FINANCE CHARGE COMPUTED IN ACCORDANCE WITH THE RULE OF 78 (THE "SUM OF THE DIGITS" METHOD), PROVIDED THAT THE BANK MAY RETAIN A MINIMUM FINANCE CHARGE OF $10, WHETHER OR NOT EARNED, AND, EXCEPT IN THE CASE OF A REFINANCING, NO REFUND SHALL BE MADE IF IT AMOUNTS TO LESS THAN $1. IN ADDITION, UPON ANY SUCH PREPAYMENT OR REFINANCING, THE BORROWER SHALL RECEIVE A REFUND OF THE CHARGE, IF ANY, FOR GROUP CREDIT LIFE INSURANCE INCLUDED IN THE LOAN EQUAL TO THE UNEARNED PORTION OF THE PREMIUM PAID OR PAYABLE BY THE HOLDER OF THE OBLIGATION (COMPUTED IN ACCORDANCE WITH THE RULE OF 78), PROVIDED THAT NO REFUND SHALL BE MADE OF AMOUNTS LESS THAN $1.

AS COLLATERAL SECURITY FOR THE PAYMENT OF THE INDEBTEDNESS OF THE UNDERSIGNED HEREUNDER AND ALL OTHER INDEBTEDNESS OR LIABILITIES OF THE UNDERSIGNED TO THE BANK, WHETHER JOINT, SEVERAL, ABSOLUTE, CONTINGENT, SECURED, UNSECURED, MATURED OR UNMATURED, UNDER ANY PRESENT OR FUTURE NOTE OR CONTRACT OR AGREEMENT WITH THE BANK (ALL SUCH INDEBTEDNESS AND LIABILITIES BEING HEREINAFTER COLLECTIVELY CALLED THE "OBLIGATIONS"), THE BANK SHALL HAVE, AND IS HEREBY GRANTED, A SECURITY INTEREST AND/OR RIGHT OF SET-OFF IN AND TO (a) ALL MONIES, SECURITIES AND OTHER PROPERTY OF THE UNDERSIGNED NOW OR HEREAFTER ON DEPOSIT WITH OR OTHERWISE HELD BY OR COMING TO THE POSSESSION OR UNDER THE CONTROL OF THE BANK, WHETHER HELD FOR SAFEKEEPING, COLLECTION, TRANSMISSION OR OTHERWISE OR AS CUSTODIAN, INCLUDING THE PROCEEDS THEREOF, AND ANY AND ALL CLAIMS OF THE UNDERSIGNED AGAINST THE BANK, WHETHER NOW OR HEREAFTER EXISTING, AND (b) THE FOLLOWING DESCRIBED PERSONAL PROPERTY (ALL SUCH MONIES, SECURITIES, PROPERTY, PROCEEDS, CLAIMS AND PERSONAL PROPERTY BEING HEREINAFTER COLLECTIVELY CALLED THE "COLLATERAL"): ( ) Motor Vehicle ( ) Boat ( ) Stocks, ( ) Bonds, ( ) Savings, and/or _____

SEE CUSTOMER'S COPY OF SECURITY AGREEMENT(S) OR COLLATERAL RECEIPT(S) RELATIVE TO THIS LOAN FOR FULL DESCRIPTION.

IF THIS NOTE IS SECURED BY A MOTOR VEHICLE, BOAT OR AIRCRAFT, PROPERTY INSURANCE ON THE COLLATERAL IS REQUIRED, AND THE BORROWER MAY OBTAIN THE SAME THROUGH A PERSON OF HIS OWN CHOICE.

IF THIS NOTE IS NOT FULLY SECURED BY THE COLLATERAL SPECIFIED ABOVE, AS FURTHER SECURITY FOR THE PAYMENT OF THIS NOTE, THE BANK HAS TAKEN AN ASSIGNMENT OF 10% OF THE UNDERSIGNED BORROWER'S WAGES IN ACCORDANCE WITH THE WAGE ASSIGNMENT ATTACHED TO THIS NOTE.

In the event of default in the payment of this or any other Obligation or the performance or observance of any term or covenant contained herein or in any note or other contract or agreement evidencing or relating to any Obligation or any Collateral on the Borrower's part to be performed or observed; or the undersigned Borrower shall die; or any of the undersigned become insolvent or make an assignment for the benefit of creditors; or a petition shall be filed by or against any of the undersigned under any provision of the Bankruptcy Act; or any money, securities or property of the undersigned now or hereafter on deposit with or in the possession or under the control of the Bank shall be attached or become subject to distraint proceedings or any order or process of any court; or the Bank shall deem itself to be insecure, then and in any such event, the Bank shall have the right (at its option), without demand or notice of any kind, to declare all or any part of the Obligations to be immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, and the Bank shall have the right to exercise all the rights and remedies available to a secured party upon default under the Uniform Commercial Code (the "Code") in effect in New York at the time, and such other rights and remedies as may otherwise be provided by law. Each of the undersigned agrees (for purposes of the "Code") that written notice of any proposed sale of, or of the Bank's election to retain, Collateral mailed to the undersigned Borrower (who is hereby appointed agent of each of the undersigned for such purpose) by first class mail, postage prepaid, at the address of the undersigned Borrower indicated below three business days prior to such sale or election shall be deemed reasonable notification thereof. The remedies of the Bank hereunder are cumulative and may be exercised concurrently or separately. If any provision of this paragraph shall conflict with any remedial provision contained in any security agreement or collateral receipt covering any Collateral, the provisions of such security agreement or collateral receipt shall control.

Acceptance by the Bank of payments in arrears shall not constitute a waiver of or otherwise affect any acceleration of payment hereunder or other right or remedy exercisable hereunder. No failure or delay on the part of the Bank in exercising, and no failure to file or otherwise perfect or enforce the Bank's security interest in or with respect to any Collateral, shall operate as a waiver of any right or remedy hereunder or release any of the undersigned, and the Obligations of the undersigned may be extended or waived by the Bank, any contract or other agreement evidencing or relating to any Obligation or any Collateral may be amended and any Collateral exchanged, surrendered or otherwise dealt with in accordance with any agreement relative thereto, all without affecting the liability of any of the undersigned. In any litigation (whether or not arising out of or relating to any Obligation or Collateral or other matter connected herewith) in which the Bank and any of the undersigned may be adverse parties, the Bank and each such undersigned hereby waives their respective right to demand trial by jury and, additionally, each such undersigned waives his right to interpose in any such litigation any counterclaim of any nature or description which he may have against the Bank. In addition, the Bank shall not be deemed to have obtained knowledge of any fact or notice with respect to any matter relating to this note or any Collateral unless contained in a written notice mailed, postage prepaid, or personally delivered to the Personal Finance Department of the Bank at its address set forth above. Each of the undersigned, by his signature hereto, hereby waives presentation for payment, demand, notice of non-payment, protest and notice of protest with respect to the indebtedness evidenced by this note, and each such undersigned hereby agrees that this note shall be deemed to have been made under and shall be construed in accordance with the laws of the State of New York.

Each of the undersigned hereby authorizes the Bank to date this note as of the day the loan evidenced hereby is made, to correct patent errors herein and, at its option, to cause the signatures of one or more co-makers to be added without notice to any prior obligor.

RECEIPT OF A COPY OF THIS NOTE, APPROPRIATELY FILLED IN, IS HEREBY ACKNOWLEDGED BY THE BORROWER

	FULL SIGNATURE	COMPLETE ADDRESSES
BORROWER	_____	_____
WIFE OR HUSBAND OF BORROWER AS CO-MAKER	_____	_____
CO-MAKER	_____	_____
CO-MAKER	_____	_____

ASSIGNMENT OF WAGES, SALARY, COMMISSIONS OR OTHER COMPENSATION FOR SERVICES

This Assignment is executed as security for, or as a manner or method of repayment of, money advanced by a bank, trust company or credit union doing business in New York.

To: **FIRST NATIONAL CITY BANK – AS ASSIGNEE**
PERSONAL FINANCE DEPARTMENT
810 SEVENTH AVENUE
NEW YORK, NEW YORK 10019

Date _____, 19 _____

I, the undersigned, being the "Borrower" indicated on the promissory note which appears above, in consideration of your making the loan evidenced by said note, do hereby assign to you, as collateral security for the payment of the indebtedness evidenced thereby, any and all monies which may hereafter become due or owing to me as salary, wages, commissions or other compensation for services from any present or future employer of mine (herein referred to as my "Employer"), to the extent of an amount equal to 10%, thereof, computed at the time when such salary, wage(s), commission(s), or other compensation is (are) payable, and you are hereby authorized to apply the same, as and when received by you, to the satisfaction of all such indebtedness as shall then be due and owing by the undersigned on account of said note until all such indebtedness shall be fully paid.

I hereby authorize my Employer to give full force and effect hereto, he being hereby released and discharged from any and all liability to me for or on account of any and all monies which may be paid you hereunder.

I hereby acknowledge receipt of a copy hereof.

THIS IS AN ASSIGNMENT OF WAGES, SALARY, COMMISSIONS OR OTHER COMPENSATION FOR SERVICES.

SIGNATURE OF ASSIGNOR — SIGN FULL NAME _____ (SIGNATURE OF COMPLETE NAME OF ASSIGNOR)

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Illustration 1 (continued)
(back)

NOTICE OF PROPOSED GROUP INSURANCE

Credit life insurance on the life of the "Borrower" obligated under the Note on the reverse side hereof may be taken out by the Bank under a group life insurance policy issued to the Bank by The Prudential Insurance Company of America, having its home office in Newark, New Jersey. Such insurance, if effected on the life of the Borrower, will be effective from the date of said Note until the Note is repaid, or said group policy terminates, or the final maturity date of the Note, whichever first occurs, in an amount necessary to reduce or extinguish the Borrower's indebtedness under said Note, but not to exceed $20,000 in respect of all indebtedness of the Borrower to the Bank for which the life of the Borrower may have been insured under said group life insurance policy, the proceeds of which insurance shall be paid to the Bank for application to the discharge of such indebtedness. If an identifiable charge is to be made to the Borrower for such insurance, the amount thereof will be set forth at Item (6) of the Note on the reverse side hereof. If any such insurance for which an identifiable charge has been made to the Borrower is declined by the insurer or otherwise does not become effective, the Borrower will be given immediate notice thereof and any such charge paid by the Borrower will be promptly refunded. The Borrower will receive a certificate of insurance relative to any insurance effected on his life within 30 days of the date of the Note.

_____
BORROWER TO SIGN IF IDENTIFIABLE CHARGE IS MADE

THE APPLICATION FOR CREDIT EVIDENCED BY THE NOTE ON THE REVERSE SIDE OF THIS FORM HAS BEEN:

☐ **WITHDRAWN** – THE ACCOMODATION REQUESTED CANNOT BE GRANTED AT THIS TIME EXCEPT ON THE TERMS OR CONDITIONS OFFERED TO YOU. THIS DECISION WAS BASED IN PART:

☐ **DECLINED** – THE DECISION NOT TO GRANT THE ACCOMODATION REQUESTED AT THIS TIME WAS BASED IN PART:

☐ ON INFORMATION, NOT NECESSARILY OF A DEROGATORY NATURE, CONTAINED IN A CONSUMER REPORT FROM THE CONSUMER REPORTING AGENCY(s) LISTED BELOW.

☐ ON INFORMATION, NOT NECESSARILY OF A DEROGATORY NATURE, OBTAINED FROM SOURCES OTHER THAN A CONSUMER REPORTING AGENCY. YOU MAY, WITHIN SIXTY DAYS OF THE RECEIPT OF THIS DISCLOSURE, SUBMIT A WRITTEN REQUEST FOR THE REASONS FOR OUR DECISION.

_____
_____
_____

_____ _____ _____
SIGNATURE DATE

SUMMARY OF CERTAIN SECTIONS OF ARTICLE 3–A OF THE PERSONAL PROPERTY LAW OF THE STATE OF NEW YORK:

§ 46-c • An assignment of earnings (Assignment) shall be contained in a separate written instrument, and at its top and just above the place reserved for the signature of the assignor, must be described in at least 10 point bold type, as an assignment of wages, etc.; it must contain the name and address of the assignee and, in its text or in a writing permanently attached, identify specifically and describe fully the transaction to which it relates, the amount of the indebtedness, the dates on which and place at which payments are to be made, and that it secures only the transaction or series of transactions described in such assignment.

§ 46-c • The Assignment must be personally executed by the assignor and a copy of it, and of any papers attached thereto, together with a copy of any papers executed by the assignor pertaining to the transaction described in the Assignment, must be delivered to the assignor before the same is filed with the employer.

§ 46-f • Except as provided by Article 9 of the New York Banking Law, the charges made by the assignee must not exceed a greater sum than 18% per annum on the amount of the loan or advance, except as permitted by Section 5-531 of the General Obligations Law of New York.

§ 48 • Before an Assignment (except assignments given as security for money actually advanced to or at the request of the assignor by any bank, trust company or credit union doing business in the State of New York) shall be filed with an employer:

(a) the assignor must be at least 21 days in default on a payment, and after such default the assignee must have mailed to the assignor by certified mail, return receipt requested, a copy of the Assignment and any attached papers with a written notice that, unless the amount in default shall be paid within 20 days from the date of the mailing, the Assignment will be served on the assignor's employer, and advising assignor of his right to a hearing on the validity of the Assignment (pursuant to § 47-e, below) and any defense to the underlying debt;

(b) if the assignor notifies the assignee of a defense, the assignee cannot file the Assignment until it obtains a court order;

(c) the written notice given the assignor must instruct him to bring the notice with him and have any payment endorsed thereon and, if a payment is so endorsed, or if the assignor receives, a written receipt referring to the notice, the Assignment cannot be served on the employer until subsequent default and similar notice.

(d) if the notice is returned undelivered, it may then be served the same as a summons or mailed to the Assignee by certified mail, return receipt requested, where he works.

§ 47-e • With the exception of an order made by a family court or in a matrimonial proceeding, the assignor, his employer or any other interested party may commence a special proceeding to vacate the Assignment in the county where assignee or assignor resides or where the Assignment is filed. The court may consider any defense to the Assignment and underlying debt, with burden of proof on each to be on the Assignee, and may grant appropriate interim relief. If vacated by a judgment it may be presented to the county clerk.

§ 48-a • No amount is deductible from the assignor's future earnings until at least 10 days have elapsed after a true and authenticated copy of the Assignment together with an itemized statement of the amount then due the assignee, has been filed with the employer, and, if the assignment relates to indebtedness of less than $1,000: (a) the amount collectible in any month can be not more than 10% of the assignor's earnings in that month; (b) it is subordinate to any prior assignment, income execution or order under Section 5226 of the Civil Practice Law and Rules of New York.

§ 48-b • No amount is deductible from the assignor's future earnings unless the same exceed, $85 per week.

§ 48-c • Unemployment by the assignor at the time of or subsequent to the Assignment does not prevent the Assignment from becoming effective later.

§ 49 • Banks, Trust Companies and Credit Unions doing business in the state of New York are not required to file such an Assignment with any public office or officer.

Illustration 2: Revised Consumer Promissory Note

First National City Bank

Consumer Loan Note Date _____, 19____

(In this note, the words **I, me, mine** and **my** mean each and all of those who signed it. The words **you, your** and **yours** mean First National City Bank.)

Terms of Repayment To repay my loan, I promise to pay you _____ Dollars ($_____). I'll pay this sum at one of your branches in _____ uninterrupted _____ installments of $_____ each. Payments will be due _____, starting from the date the loan is made.

Here's the breakdown of my payments:

1.	Amount of the Loan	$_____	
2.	Property Insurance Premium	$_____	
3.	Filing Fee for Security Interest	$_____	
4.	Amount Financed (1+2+3)		$_____
5.	**Finance Charge**		$_____
6.	Total of Payments (4+5)		$_____

Annual Percentage Rate_____%

Prepayment of Whole Note Even though I needn't pay more than the fixed installments, I have the right to prepay the whole outstanding amount of this note at any time. If I do, or if this loan is refinanced—that is, replaced by a new note—you will refund the unearned **finance charge,** figured by the rule of 78—a commonly used formula for figuring rebates on installment loans. However, you can charge a minimum **finance charge** of $10.

Late Charge If I fall more than 10 days behind in paying an installment, I promise to pay a late charge of 5% of the overdue installment, but no more than $5. However, the sum total of late charges on all installments can't be more than 2% of the total of payments or $25, whichever is less.

Security To protect you if I default on this or any other debt to you, I give you what is known as a security interest in my ○ Motor Vehicle and/or _____ (see the Security Agreement I have given you for a full description of this property), ○ Stocks, ○ Bonds, ○ Savings Account (more fully described in the receipt you gave me today) **and** any account or other property of mine coming into your possession.

Insurance I understand I must maintain property insurance on the property covered by the Security Agreement for its full insurable value, but I can buy this insurance through a person of my own choosing.

Default I'll be in default:
1. If I don't pay an installment on time; or
2. If any other creditor tries by legal process to take any money of mine in your possession.

You can then demand immediate payment of the balance of this note, minus the part of the **finance charge** which hasn't been earned figured by the rule of 78. You will also have other legal rights, for instance, the right to repossess, sell and apply security to the payments under this note and any other debts I may then owe you.

Irregular Payments You can accept late payments or partial payments, even though marked "payment in full", without losing any of your rights under this note.

Delay in Enforcement You can delay enforcing any of your rights under this note without losing them.

Collection Costs If I'm in default under this note and you demand full payment, I agree to pay you interest on the unpaid balance at the rate of 1% per month, after an allowance for the unearned **finance charge.** If you have to sue me, I also agree to pay your attorney's fees equal to 15% of the amount due, and court costs. But if I defend and the court decides I am right, I understand that you will pay my reasonable attorney's fees and the court costs.

Comakers If I'm signing this note as a comaker, I agree to be equally responsible with the borrower. You don't have to notify me that this note hasn't been paid. You can change the terms of payment and release any security without notifying or releasing me from responsibility on this note.

Copy Received The borrower acknowledges receipt of a completely filled-in copy of this note.

	Signatures	Addresses
Borrower:	_____	_____
Comaker:	_____	_____
Comaker:	_____	_____
Comaker:	_____	_____

Hot Line If something should happen and you can't pay on time, please call us immediately at (212) 559-3061.

Personal Finance Department
First National City Bank

PBR 668 Rev. 1/75

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JCPenney's Consumer Information Guides

Research showed consumers want more product information, but question the objectivity of information provided by business. The Consumer Information Guides were developed to help provide that information and reinforce the credibility of the company.

Background

In the mid-1970s, several public opinion polls* showed that consumers felt business should provide more information about products and services. Consumers felt that better information would help them to be better shoppers—and to make more informed buying decisions.

These poll results confirmed JCPenney's own efforts to identify consumers' concerns in the marketplace. JCPenney's Consumer Affairs Department is constantly involved in research on the changing attitudes of consumers. The Company conducts focus groups across the country to discuss various products, usually recruiting participants in the stores and holding group sessions at a store or a market research firm.

During focus-group discussions in the '70s, customers were saying they found it more difficult to make choices and get good value for the dollar because:

- Technological change meant that they couldn't depend on past experience.
- Stores (all stores) have less sales help and the help they have are less informed than in the past.
- They were suspicious of advertising and wanted objective information to help them make decisions.

* Sentry-Harris, *Consumerism at the Crossroads,* 1977; Yankelovich, Skelly and White, Inc., *Corporate Priorities,* 1978.

JCPenney's decision to develop Consumer Information Guides

To answer the need that consumers expressed for product information at the point-of-purchase, the Consumer Affairs Department proposed a series of booklets designed specifically to help consumers make buying decisions. Booklets were recommended because:

- Consumers are familiar with booklets and readily accept them.
- Booklets are relatively inexpensive to develop and distribute.
- Booklets can be made available in a variety of ways to retail and catalog customers as well as to community groups.
- The format can be adapted to a wide variety of merchandise.

Determining an effective means of communication

JCPenney's Consumer Affairs staff met with experts in information/communication theory to establish criteria for the content and format of the booklets and for distributing them. The consultants recommended:

- Make the booklets available when consumers are making buying decisions—both at point-of-purchase and earlier, when they are shopping around for the purchase.
- Make sure the information is accurate, balanced, and non-promotional, to overcome consumers' suspicion of information provided by business.
- Keep the information concise. Focus only on information that consumers need to make a buying decision.
- Identify and answer consumers' specific questions. They are unwilling to read information that they consider irrelevant.
- Use a step-by-step approach. Many consumers are not used to making decisions systematically and need guidance.
- Organize the information to make it easy to find specific pieces of information. Use illustrations, large headlines, charts, etc., to minimize reading time.
- Write at an eighth or ninth-grade level. This is understandable to most consumers, but not too elementary for the highly educated consumer.

Using the consultants' recommendations, the Consumer Affairs staff developed the concept of Consumer Information Guides. Each guide gives how-to-buy information for a specific category of merchandise. The information in the Guides is generic and non-promotional. The Guides do not refer to brand names or give brand or product ratings.

The Guides focus on the buying process and use a step-by-step approach to help consumers:

- Define their own wants and needs in relation to the product.
- Understand what the various features and options can (and cannot) do.
- Check for quality and safety.
- Organize their shopping.
- Select the model or item that best fits their needs.

Developing a format for the Guides

The Consumer Affairs Department worked with an art designer to develop a format that:

- Met the criteria for effective communication that the consultants recommended.
- Could be printed inexpensively and distributed easily in a variety of ways.
- Could be applied to a wide range of subjects, but would establish the booklets visually as belonging to series.

The Guides are in a 4 x 9 inch format, printed in black and one other color, and are illustrated with line art. They range from 6 to 28 pages, depending on the complexity of the subject.

As the first Guides were drafted, it became clear that the text and art design had to be thought of as a unit. The way the information was presented was as

Illustration 1

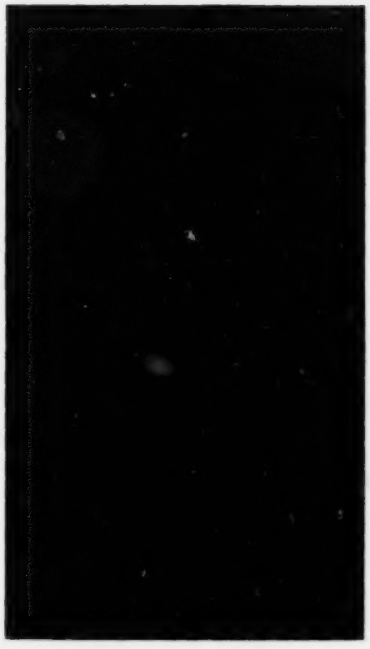
A TYPICAL CONSUMER INFORMATION GUIDE

How format, manuscript, and art each contribute to effective communication.

Manuscript:
Title positioned to be visible in literature holders used at point-of-purchase

Art:
- Signals generic rather than brand-specific information
- Adaptable for variety of merchandise categories

Exercise Cycles



A Consumer Information Guide

Format:
9"x4" size
- Pocket size for convenience of reader
- Fits business-size envelope for easy mailing
- Fits standard literature holders

To minimize printing costs:
- 2-color format paper medium-grade standard stock
- No bleeds, die cuts, or other special process

Illustration 1 (continued)

Exercising is "in" today . . . for muscular strength, physical fitness and general well-being. Bicycling, using either a regular or stationary cycle, is one of the best exercises for getting in shape, building stamina, endurance, and overall well-being. Fitness also means feeling relaxed yet energetic, having better digestion, requiring less sleep, and having a new vitality.

Exercising indoors on a stationary cycle can provide the physical benefits of outdoor cycling with two pluses: convenience in exercising any time, day or night, regardless of weather; and the ability to use the resistance control on the cycle to regulate your exercise program precisely.

Before you read this guide, think about how you expect to use the cycle. Will it be part of a fitness program or used only occasionally to supplement other exercise? Will it be used for working off tensions or for firming and improving contour of leg muscles?

Use this guide:

- to judge the quality of the cycle
- to decide which features you want
- to choose the right model and size for your comfort

Fitness & Cycling

Cycling to increase your pulse rate

Planning an exercise program

Strength & cycling

Calories & Cycling

Manuscript:
Organized in order consumers make decisions

- Defines buying problems
- Identifies buying decisions covered in Guide
- Helps consumer determine what to expect of product
- Provides information on quality, safety, etc.

Art:
Art is used to add or reinforce written information, not just serve a decorative function

Format:
Large and minor headlines outline contents so readers can easily find information they want

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Illustration 1 (continued)

Exercise Cycles

How it may work

Exercise cycles are one-wheeled stationary bicycles that are pedaled like a regular outdoor rolling bicycle. The energy it takes to pedal a rolling bike depends on the gear system and the surface on which you are riding: hilly or flat, smooth, grass-covered, or dirt road. An exercise cycle uses an adjustable tension or resistance mechanism to make pedaling more difficult and give you a good workout.

Dual-action cycles

Some cycles have handlebars that can be used in the same way as a rowing machine. Pulling the handlebars against resistance helps exercise and tone arm and shoulder muscles. The cycling and rowing actions can be used either separately or at the same time. Another type of cycle has seat and handlebars that move automatically as you cycle. This type of movement may help you to limber up, but it doesn't tone or build up the arm muscles.

Should You Cycle?

If you have a known medical condition, suspect you might have a health problem or have not been exercising, have a health checkup before you start. If you are over age 35, or more than 20 pounds heavier than you should be, or if more than one blood relative has had heart trouble before age 60, it also makes sense to get clearance from your physician before beginning. If you are fairly active, under age 35, and healthy, you can develop your own exercise program from the guidelines given in this guide.

Stop Cycling If:

—You get chest pains or pressure.
—You become dizzy.
—You develop abnormal heart rhythm.
Suddenly very slow or very rapid.
Suddenly irregular.

And be sure to consult a physician before resuming your exercise program.

How to Judge Quality & Comfort

Seat height
At correct seat height, knee has slight bend at bottom of pedaling stroke. Look for easy adjustments to correct seat height for each user.
Handlebars
With hands on handlebars, body should be relaxed, leaning slightly forward. Check range of adjustment. Look for easy adjustments and firm fastening system.
Seat comfort
Try seat for comfort. You may wish to settle for an inexpensive seat which you can pad at home.
Resistance control
Look for resistance settings you can duplicate each time you exercise.
Pulse sensor
Check how easily it can be read while cycling.
Noise level
Check for acceptable noise level when pedaling.
Timers
Check for ease of reading and/or timer that sounds when pre-set time is up.
Frame
Check for stability, rigidity, balance as you cycle.
Chain guards
To prevent snagging clothes, pick cycle with guards.
Pedals
Look for pedals wide enough to fit feet. Foot straps prevent slipping.
Wheel
Test for smooth rotation, especially at top of pedal stroke. Solid, heavy wheels are usually smoothest.

Exercise cycles vary in price from less than $100 to about $400, with even more expensive models available for use in gyms. Consider how much you'll use the cycle, how important it is to have special pulse sensors, reproducible resistance levels, clocking devices, etc. as you choose a model.

Features of Exercise Cycles

Feature	Function	Comments
Resistance control	Changes pressure on wheel to make pedaling harder or easier. Adjusts amount of work you do.	Be sure you can adjust resistance level while seated on cycle. Look for a wide range of resistance levels.
Pressure wheel type	Tightens a small roller down onto cycle wheel to change resistance.	Least expensive. Does not give most accurate resistance levels.
Caliper type	Works like a bicycle brake. Presses pads against wheel rim.	More reliable than pressure wheel. Pads may need replacement occasionally.
Brake strap type	Tightness of a strap around wheel is adjusted to change resistance levels.	More reliable and durable than caliper type. Allows adjustments for a great range of resistance levels.
Moving pad type	Large pads adjust to put pressure against wheel. Used with solid wheel cycles only.	Most expensive, but gives most reliable resistance levels.
Work/resistance monitor	Indicates level of resistance.	Important for gauging amount of exercise.
Passive type	Marks or calibrations on controls let you set same resistance level each time.	A guide only. Can lose accuracy as resistance device wears.
Active type	Actually measures the amount of work being done to move wheel.	More accurate and more expensive.
Timer	Shows length of exercise either running time or count down type.	Check for easy reading. Count down timer should have easy to hear signal.
Pulse sensor	Built into handlebars or worn on body. Some have a readout device that shows pulse rate directly. Others magnify pulse so you can hear it count rate.	Can be built into cycle or bought separately. Check for easy reading while cycling.
Odometer/speedometer	Measures equivalent distance traveled and speed.	Helps gauge pedaling pace and amount of exercise.

Manuscript:

- Information on safety, maintenance, storage etc. are included when they influence the buying decision
- Information may be provided in paragraph form or incorporated into illustrations, charts, etc.

Art:

- Illustration helps reader visualize product and the points being made in manuscript
- Shows product being used correctly to reinforce health/safety information

Format:

- Chart organizes and simplifies presentation of information
- Illustration with callouts provides short functional definitions of features, options, and/or quality points

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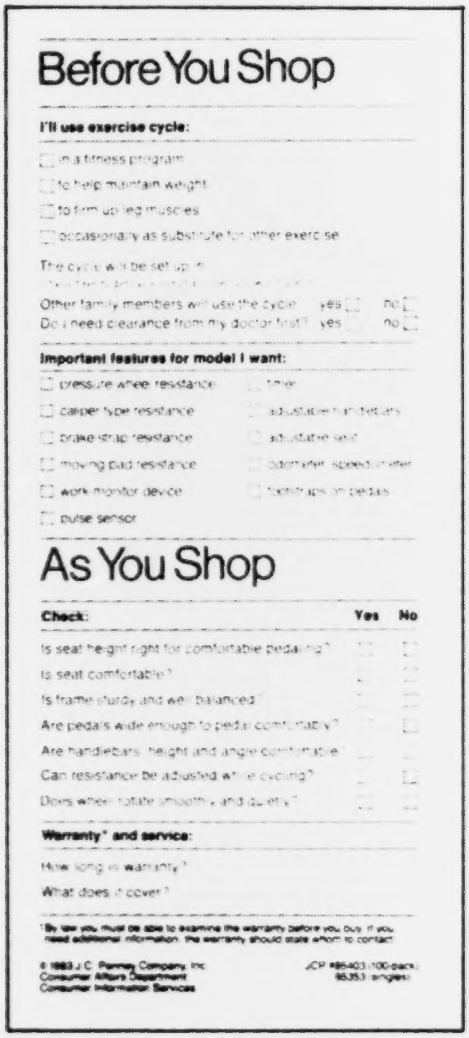
Illustration 1 (continued)



Before You Shop

I'll use exercise cycle:

- ☐ in a fitness program
- ☐ to help maintain weight
- ☐ to firm up leg muscles
- ☐ occasionally as substitute for other exercise

The cycle will be set up in

Other family members will use the cycle: yes ☐ no ☐
Do I need clearance from my doctor first? yes ☐ no ☐

Important features for model I want:

- ☐ pressure wheel resistance
- ☐ caliper type resistance
- ☐ brake strap resistance
- ☐ moving pad resistance
- ☐ work monitor device
- ☐ pulse sensor
- ☐ timer
- ☐ adjustable handlebars
- ☐ adjustable seat
- ☐ odometer, speedometer
- ☐ toeclips on pedals

As You Shop

Check:	Yes	No
Is seat height right for comfortable pedaling?	☐	☐
Is seat comfortable?	☐	☐
Is frame sturdy and well balanced?	☐	☐
Are pedals wide enough to pedal comfortably?	☐	☐
Are handlebars height and angle comfortable?	☐	☐
Can resistance be adjusted while cycling?	☐	☐
Does wheel rotate smoothly and quietly?	☐	☐

Warranty* and service:

How long is warranty?

What does it cover?

*By law you must be able to examine the warranty before you buy. If you need additional information, the warranty should state whom to contact.

© 1983 J.C. Penney Company, Inc.
Consumer Affairs Department
Consumer Information Services

JCP #86403 (100-pack)
86353 (single)

Manuscript:
Shopping checklist

- Organized as consumer would make decisions
- Summarizes information in Guide
- Copyright at bottom identifies sources of information

Format:

- Checklist encourages review of information and systematic approach to decisions
- Positioned on back cover for easy use

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important as the words themselves. In checking to see that design and text worked well together, these questions were asked:

- Is this information needed to help the reader make a buying decision?
- Does the way the booklet is organized lead the consumer logically through the steps of the decisionmaking process?
- Does the page invite reading with clear headlines, short paragraphs, charts, and meaningful illustrations?

Illustration 1 on pages 13-16 shows the entire text of a typical Consumer Information Guide. The boxed notes describe how the format and the art blend good design with the easy-to-read text of the manuscript.

Assuring that the Guides are accurate and useful

Since consumers question the credibility of information provided by business, it has been essential that the information in the Guides be technically accurate. But, beyond that, the information must give a balanced, candid presentation of the choices that go into making a purchase. To do this, the Consumer Affairs staff:

- Uses research to identify the major problems/concerns that consumers have in making a selection. This includes discussions with:
  - — Consumers who have recently made a purchase or are considering one, to find out their interests and concerns. This can be done either as part of focus-group discussions or informally, by gathering information from discussions that JCPenney's staff have with consumers at the stores.
  - — Sales associates, merchandise buyers, and service staff to identify common problems and questions.
  - — Independent experts who regularly answer consumer questions, to get a better understanding of the consumer's level of knowledge. These experts are thoroughly familiar with a category of merchandise and are not affiliated with a specific manufacturer.
- Assigns the booklets to freelance writers who understand the role of the Guides and are knowledgeable about the merchandise category.
- Works with the writers of the booklets to gather reference materials from a wide range of sources, including the manufacturers, government agencies, independent research labs, JCPenney test labs, and popular and technical magazines.
- Edits the information to address specific concerns and questions that consumers have expressed.
- Checks the reading level, using the Flesch reading ease test*, to be certain it is at a seventh to ninth-grade level.
- Asks several consumers who are interested in the merchandise category to read and critique the manuscript. This is done informally, to help fine-tune the descriptions and explanations.

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* *See Appendix 1.*

- Reviews the manuscripts with independent experts in the merchandise category as well as with technical experts in the JCPenney Merchandise Testing Center, the buyer, and the Legal Department.
- Makes the final decision on what will be included in each booklet, after consulting with the marketing and merchandising staffs.

Current status of the program

The stores have distributed more than five million copies of Guides in the past five years. In that time, JCPenney has developed 28 Guides for a wide range of products—from audio components through wood-burning stoves. At present, 12 titles are available in the stores, and 12 more Guides are available through the catalog. (See page 19 for all titles.)

The Guides are free to consumers and are distributed in three ways:

- At the point-of-sale by the individual JCPenney stores that choose to purchase the booklets.
- Through the catalog—consumers must send a stamped, self-addressed envelope with their request.
- Through other departments in the Company which purchase copies to use as giveaways for special promotions, on market tours, or through booklets-worth-writing-for columns.

The Consumer Affairs and Merchandise Departments underwrite the cost of developing and updating the Guides. The Company sells the Guides to stores at a price that covers the printing costs. To maintain economy of scale, JCPenney has established a minimum print run of 100,000 copies. This keeps the unit cost low enough for the stores to budget comfortably. Stores have the option to decide whether to buy the Guides and which titles they want. Stores base their decisions partly on the categories of merchandise they carry.

The program is now managed on a part-time basis by a member of the Consumer Affairs staff.

Payoffs of the project

The Consumer Information Guide program has been judged successful for a number of reasons:

- **In focus-group sessions, consumers' comments are overwhelmingly positive.** Consumers say that they find the information helpful, and they appreciate the fact that JCPenney provides the Guides.
- **Consumer groups and educators purchase and use the Guides in their programs, giving credence to the Guides' objectivity.**
- **Store use of the Guides continues to increase.** Store management says the Guides are a valuable adjunct to other product information programs. Currently, over 700 stores use the Guides and are purchasing them at a rate of more than 1,250,000 a year.

- **Sales people find them useful at point-of-sale. In a survey of more than 390 sales people:**
  - — 70 percent had seen a customer come back and make a purchase after having been given a Guide.
  - — 82 percent felt that the Guides helped give customers confidence to make a purchase.
  - — 92 percent said that they felt the Guides helped them do a more effective job.
- **The Merchandise and Marketing Departments recognize the value of the Guides and the unique perspective of the Consumer Affairs Department in preparing them.** As a result of the success of the Guides, Consumer Affairs has been asked to develop several other information programs.

Materials available

- **These titles are available through stores:**

Audio Components
Carpeting
Children's Car Safety Seats
Cookware
Drapery Fabrics
Exercise Cycles
Fitting Children's Shoes
Home Computers
Microwave Ovens
Outdoor Barbecue Grills
Sleeping Bags
Using Your Credit Cards

- **These titles are available through the catalog:**

Automotive Batteries
Caulking and Weatherstripping
Chain Saws
Decorative Wall Coverings
Dehumidifiers
Home Insulation
Humidifiers
Resilient Flooring
Room Air Conditioners
Rotary Lawn Mowers
Ten-Speed Bicycles
Wood-Burning Stoves

For sample copies, and for further information, contact:

Hazel Schoenberg
Consumer Information Manager
J. C. Penney Company, Inc.
1301 Avenue of the Americas
New York, NY 10019

CASE #3

Measuring Marketplace Results: The "Come to Shell for Answers" Campaign

The 1973 gasoline shortage created a hostile public for oil companies. To improve its image, Shell Oil Company tried several institutional advertising campaigns. These efforts failed. But when Shell delivered useful consumer information in plain English, it was a different story.

Background

Shell developed its "Come to Shell for Answers" Corporate Advertising Campaign to respond to the market conditions and public attitudes towards oil companies in the mid-1970s.

Shell and other oil companies faced a very hostile American public following the 1973 oil embargo. Motorists were forced to wait in line for gasoline, a product they had once taken for granted. And gasoline prices shot up, along with oil companies' profits.

A survey of public opinion in 1974 showed just how bad the situation had become:

- 62 percent believed that oil companies had deliberately held back supplies in order to raise prices.
- 68 percent believed that oil companies were not taking steps to relieve the energy shortage.
- 98 percent believed that oil companies were not the best in their ethical and moral attitudes.

Shell clearly had an image problem and looked to corporate advertising to lessen the intensity of public hostility. Throughout the advertising development, research was used to determine the ads' effects on public attitudes.

How Shell's corporate advertising evolved

Since gasoline advertising was out of the question during this period of shortages, Shell made several attempts at communicating with the public through advertising before finding a way that worked. The first campaign attempted to explain the energy situation through newspaper advertisements. Subjects included gasoline prices and profits. The messages were straightforward statements of Shell's side of the energy story.

In a headline of one advertisement, the president of Shell asked, "How in all conscience can anyone call these excess profits?" and proceeded to show that Shell's profits, though high, were not large as a return on shareholder equity when compared to the profits in other industries. The statements in these ads were factual and the presentation was simple.

How did the campaign work? It was a failure, according to the results of a survey that was conducted by a syndicated pollster and paid for by Shell and other oil companies. Awareness levels were low and the ad caused negative media coverage. The campaign was obviously not going to enhance Shell's image with the public.

Next, the company tried an advertising campaign addressing its efforts to find and produce more oil and gas. The series was called "People working with energy." (See Illustration 1, page 22.)

Other oil companies launched surprisingly similar campaigns.

How did the "we're working as hard as we can" approach work? The public was unimpressed. They clearly felt that finding and producing more oil was an oil company's job.

Shell obviously needed a different and better approach. While continuing to search for an effective way of communicating with the public, Shell sponsored Columbia Broadcasting System's Bicentennial Minutes series on television. At a time when the oil industry was under heavy fire, these 60-second episodes from American history proved to be interesting and entertaining and resulted in much goodwill for Shell.

Shell's experience with Bicentennial Minutes provided a clue: Instead of talking about topics of interest to Shell, the company might bring about a positive change in attitudes by providing information that consumers would find useful.

The next corporate campaign was the Shell Information Series—newspaper ads with lots of useful information on how people could better maintain and operate their cars. (See Illustration 2, page 22.)

This campaign didn't make a promise (a normal expectation in good advertising) but rather delivered a benefit—useful information. In markets where the campaign ran, attitudes toward Shell improved. The stage was set for the "Come to Shell for Answers" campaign.

"Out here on the energy front

Shell men are working 12 hour shifts, 24 hours a day, 7 days a week, 365 days a year."

"Welcome to Grand Isle Block 76, 24 miles from land in the Gulf of Mexico.

"This is Shell's drilling rig number 11, the home away from home for 76 men. We're on seven days, and off seven days.

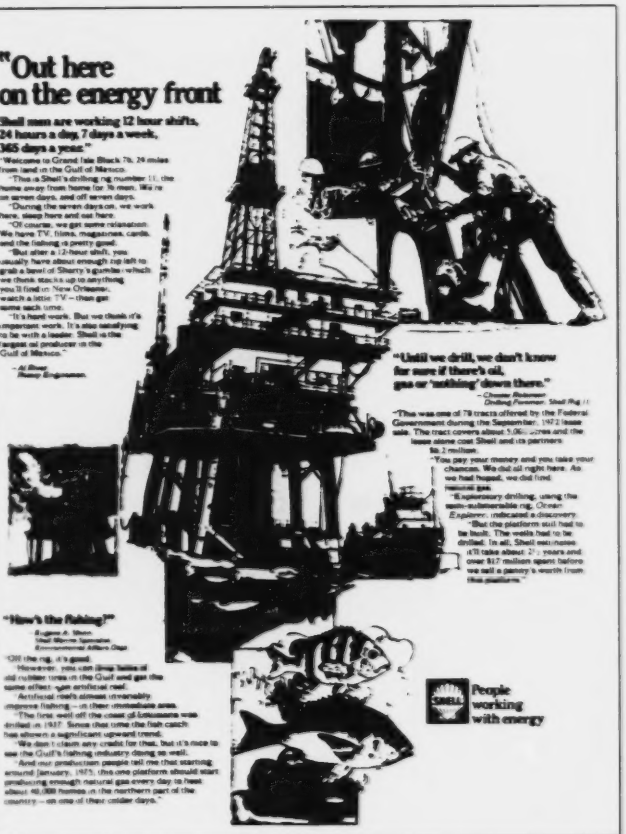
"During the seven days on, we work here, sleep here and eat here.

"Of course, we get some relaxation. We have TV, films, magazines, cards, and the fishing is pretty good.

"But after a 12-hour shift, you usually have about enough zip left to grab a bowl of Sherry's gumbo – which we think ranks up up anything you'll find in New Orleans – watch a little TV – then get some sack time.

"It's hard work. But we think it's important work. It's also satisfying to be with a leader. Shell is the largest oil producer in the Gulf of Mexico."

– *Al Sharp*
Rotary Engineman.



"Until we drill, we don't know for sure if there's oil, gas or 'nothing' down there."

– *Chester Robinson*
Drilling Foreman, Shell Rig 11

"This was one of 78 tracts offered by the Federal Government during the September, 1972 lease sale. The tract covers about 5,080 acres and the lease alone cost Shell and its partners $6.2 million.

"You pay your money and you take your chances. We did all right here. As we had hoped, we did find natural gas.

"Exploratory drilling, using the semi-submersible rig, Ocean *Explorer*, indicated a discovery.

"But the platform still had to be built. The wells had to be drilled. In all, Shell estimates it'll take about 2½ years and over $17 million spent before we sell a penny's worth from this platform."

"How's the fishing?"

Eugene A. Shaw
Chief Marine Specialist,
Environmental Affairs Dept.

"Off the rig, it's good.

"However, you can drop bales of old rubber tires in the Gulf and get the same effect – gain artificial reef.

"Artificial reefs almost irreversibly improve fishing – in their immediate area.

"The first reef off the coast of Louisiana was drilled in 1937. Since then some the fish catch has shown a significant upward trend.

"We don't claim any credit for that, but it's nice to see the Gulf's fishing industry doing so well.

"And our production people tell me that starting around January, 1973, this one platform should start producing enough natural gas every day to heat about 40,000 homes in the northern part of the country – on one of their colder days."

People working with energy

EXHIBIT 2

Shell Information Series:
Tires

"I'd like to help you squeeze extra mileage out of every tire."

By John Thomas, Shell Staff Engineer

Here are ways to get long life from your tires, and know what to look for when you replace them, no matter where you buy.

There are two major ways to save money on tires. First, get longer life from the tires you have. Second, start figuring out what kind of tire you'll need when it's time to buy new ones. First things first.

Under-inflated tires can cost you a small fortune

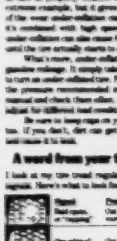
Tires carrying only 90 percent of recommended pressure can actually wear out twice as fast as properly inflated tires. That's an extreme example, but it gives you some idea of the wear under-inflation can cause. And if it's combined with high speed or overload, under-inflation can also cause heat to build up until the tire actually starts to come apart.

What's more, under-inflation costs you in gasoline mileage. It simply takes more energy to turn an under-inflated tire. Fill your tires to the pressure recommended in your owner's manual and check them often. Don't forget to adjust for different load conditions.

Be sure to keep caps on your tire valves, too. If you don't, dirt can get into the valve and cause it to leak.

A word from your tire tread

Look at my tire tread regularly for danger signals. Here's what to look for:



Signal	Probable cause
Tread worn in center of "shoulder"	Over-inflation or worn shock absorbers
Tire edges of tread worn	Out of alignment
Both edges of tread worn	Under-inflation or rear tires bald
Feathered tread ribs	Out of alignment
Center of tread worn	Over-inflation

Note: Hard, fast cornering can also cause both edges of the tread to wear excessively.

Since tires can wear differently at each wheel position, be sure to have your tires rotated when the owner's manual says to.

Don't drive your tires to an early grave

You pay a lot for that rubber, so why leave it all over the road? Fast stops and starts wear down the tread, even if the tires don't squeal. The same goes for fast cornering.

And excessive speed is not only unlawful, it can overheat and even destroy a tire, particularly if the tire is under-inflated or overloaded. Also, no matter how good your tires are, you should try to avoid any road hazards like chuck holes and "road junk." Any tire can be punctured, even a recap.

What makes one tire cost you more than another

The wider the tire profile, the higher the price tag will generally be. Furthermore, when you move up in size, you usually move up in price. Finally, radial tires usually cost more than bias-belted, and bias-belted usually cost more than bias-ply tires.

You should know what these terms mean before you start shopping.

Bias-ply tire. A tire in which the body cords run diagonally to the tread. Bias-ply tires offer a softer, more comfortable ride than other types of tire construction.

Bias-belted tire. The body cords run the same as in the regular bias-ply tire, but the tire also has layers of material formed into belts under the tread. These belts reduce tread squirm for longer wear and better traction than you get with non-belted tires.

Radial tire. Belted tires in which the body cords run at a right angle to the tread, instead

of diagonally. Radial tires have more flexible sidewalls and roll easier than non-radials. This can give you longer tire life and better gasoline mileage. Radials also give faster, surer steering response.

The profile. The profile is a number that tells you, generally, how wide the tread is. The lower the number, the wider the tire. The number is actually the height-to-width ratio of a tire's cross-section. In a 70 series, for example, the height is 70% of the width. Most cars use a 70 or 78 series tire.

How to read a tire

There's a lot of information about a tire on its sidewall. For instance:

1. Size designation. This tire is a GR 70-15. The "G" designates the weight the tire is designed to support. Letters run from A-50, "A" tells you it's a radial. If there is no "R" here, it's a bias-ply or bias-belted tire. The first number in the series, 70, gives you the tire profile. The second number gives you the diameter of the wheel rim this tire will fit. In this case, it's 15 inches.

2. Load range and type. The load range code will be "B", "C", or "D", and tells you the maximum allowable air pressure. This is a load range "B" tire and can carry a maximum of 32 pounds per square inch. Load range "C" and "D" tires can carry more air pressure and, therefore, heavier loads.

Most passenger cars should carry less than the maximum air pressure. If you carry a heavy load, increase the air pressure, but never above the maximum stated on the tire.

Consult your owner's manual for the recommended tire pressure for your car.

3. Load and pressure. The tells you the maximum weight the tire could carry at full air pressure. Four tires could thus support a car and load up to 6,480 lbs. (3,120kg).

Before buying new tires, check your old ones

Your best guide in choosing new tires is how well your present tires have served you.

Tread. Are tires with the same manufacturer and load carrying capacity if your present tires have served your needs and you're looking for another set that will last about as long.

Think down if you're using the car less than you'd expected, and don't plan on long or hard journeys from the tires. But, I don't advise trading down in size or load capacity.

Trade up if you haven't been satisfied with your present tires, or if your driving needs require it. Remember: bias-belted tires and radial tires generally give you better traction and longer mileage than bias-ply tires.

Don't buy tires entirely on price. The cheapest tire isn't always the best buy. Tire number is the most important. Shopping has, shopping, expected mileage from the tire, and even gas mileage are all factors that should enter into your decision.

Warning: Never mix tires of different sizes or types on the same axle. Never use radial tires in front with bias-ply or bias-belted tires on the rear. Improper mixing can lead to dangerously poor handling.

Shop the Shell tire line-up before you buy

Shell Comfort Ride. * Our economy tire is a bias-ply tire with four full plies of polyester cord for the driver who prefers a soft, comfortable ride.

Shell Belted Ride. Our bias-belted tire. It has two polyester cord body plies and two fiberglass belts for good traction and wear.

Shell Radial Ride. * Our new improved economy, radial. Available about June 1. This radial fiberglass belted tire has polyester cord body plies. For the driver who wants the handling and steering response that radials offer without paying for the added strength and mileage of steel.

Super Shell. * Steel-Belted Radial. Shell's best. Two belts of steel cord, plus two radial plies of polyester cord, plus the tire mileage and steering response radial construction offers. And to receive what belted of tires you have on your car, remember there are thousands of Shell dealers ready to help you take care of them.

Shop Shell tires are on sale soon.

This month: Free replacement tire value caps at participating Shell stations.

Any questions? Write me.

Write John Thomas, Staff Engineer, Shell Oil Company, P.O. Box 60888, Oyster Center Station, Houston, Texas 77208. And ask for our free 12-page booklet, "Three Rules for Maximum Tire Life." It has more ideas on how to get full mileage from any brand of tire.

People working with energy

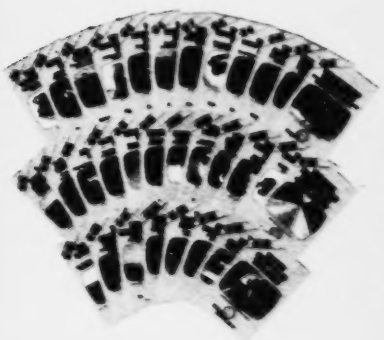
How Shell developed the "Come to Shell for Answers" campaign

Once Shell's management recognized the strength of the Information Series, they developed objectives and strategies for corporate advertising.

Objectives

- Enhance Shell's reputation for responsible behavior.
- Contribute to the credibility of Shell's representatives and statements.
- Support the reputation for excellence of the Shell brand (products, services, people).
- Favorably differentiate Shell from other major oil companies.

Illustration 3:
Shell Answer Books



Strategy

- Demonstrate Shell's responsiveness to consumer needs by providing consumers with useful information in areas of Shell's expertise.

In early 1976, Shell's advertising agency conceived the Answer Books with the objective of improving on the successful Information Series. Instead of newspaper ads, booklets were inserted into magazines and distributed at Shell stations. This format provided two advantages: (1) the booklets were more useful than ads because people could easily remove them and keep them; and (2) their odd size made them hard to miss in a magazine. The format of the booklets was standardized. (See Illustration 3.)

How Shell developed the Answer Books

The principles of good communication were closely followed in the booklets written for the "Come to Shell for Answers" campaign.

The information and communication value of the booklets was enhanced with the use of charts, illustrations, photographs, and captions. Most important, the information was relevant to consumers' everyday lives and was expressed in simple, plain English. Although Shell does not test the booklets to determine reading levels, Shell's writers, editors, and communicators — and those at its advertising agency—judged the reading level appropriate to the intended audience. This audience is the general public, with emphasis on those who drive cars and are slightly more affluent and educated than the average.

Almost every year since 1973, Shell has run a survey to find out what topics would interest readers of Answer Books. The four or five leading topics have become the subjects of that year's books. (See Illustration 4, page 25.) Shell also conducts focus groups to determine the best ways to communicate with the public and uses the information to improve the Answer Books. This includes information on illustrations, the kind of language audiences prefer, and topics and subtopics of interest.

Steps in Planning an Answer Book

1. Shell identifies the topic for the book.
2. Shell's advertising agency presents a basic format for the book, including an outline, a layout, and suggested illustrations.
3. After Shell approves the format, a writer at the agency drafts the book.
4. Shell's Advertising and Communications Managers review the draft.
5. The writer at the advertising agency rewrites the draft, working closely with a Shell professional who will be identified as the "author." This person is a technical staff member—a specialist in fire prevention or auto maintenance, for example.
6. The author carefully checks the writer's second draft.
7. At the same time, the Legal Department at Shell reviews the draft.
8. At the same time, another technical person at Shell reviews the draft.
9. The Advertising Manager gathers the review copies from the author, the second technical person, and legal reviewers. He mediates among them and makes the final decisions on what facts and illustrations to include, as well as what level of language to use.
10. A senior official at Shell—the Vice President for Public Affairs, for example—reviews the final draft.

Measuring the Results

To determine whether the campaign was effective, Shell conducted research to measure its effect on public attitudes. The measurements included:

- overall awareness of the campaign;
- awareness of each ad in the campaign;
- attitudes toward Shell and its major competitors;
- the relationship between awareness of "Come to Shell for Answers" advertising, and attitudes toward Shell and interest in purchasing Shell products.

Payoffs of the project

The campaign has been very successful.

- **Total awareness of Shell's advertising among the general public rose from 20 percent in May 1976 to 61 percent in September 1982—more than a threefold increase.** (See Illustration 5, page 25.)

Illustration 4:
Titles of Shell Answer Books

The Shell Answer Book Collection

1. **The Early Warning Book.** How some car problems can be spotted before costing big money.

2. **The Breakdown Book.** A survival manual for car trouble on the road.

3. **The Gasoline Mileage Book.** Tips on how to save gasoline when you buy a car, drive a car and take care of a car.

4. **The Car Buying and Selling Book.** Eleven things you should know when you buy, sell or trade a car.

5. **The 100,000 Mile Book.** How to help your car go 100,000 miles but not show it.

6. **The Rush Hour Book.** How America cuts the cost and headache of driving to work.

7. **The Driving Emergency Book.** How to react to seven dangerous surprises while behind the wheel.

8. **The Car Repair Shopping Book.** What the driver and mechanic can do to take the hassle out of car repairs.

9. **The Car Crime Prevention Book.** Tips on how to fight back before you get ripped off.

10. **The Car Fix-up Book.** How to make your car look better and hold its value longer.

11. **The Foul Weather Driving Book.** Safety tips you should know when driving in rain, fog or snow.

12. **The Unexpected Dangers Book.** The hazards of certain automotive products including gasoline and batteries.

13. **The Emergency Repair Book.** Simple things a driver can do to deal with minor car trouble on the road.

14. **The Driving Skills Book.** Offers a self-test to see if you're as good a driver as you think you are.

15. **The Accident Book.** What to do if you see an accident, have one, or cause one.

16. **The Home Security Book.** Easy, inexpensive ways to help protect your home from intruders.

17. **The Self-Serve Book.** Why self-serve should be more than just pumping gas.

18. **The Tune-Up Book.** What a tune-up is, what one does, and how to get the best value.

19. **The Gasoline Book.** How to choose the right gasoline for your car and get the most out of it.

20. **The Chemical Do's and Dont's Book.** Over two dozen things you should know about the safe use and safe storage of household products.

21. **The Driving Hazards Book.** How to open your eyes to potential accidents before they become real.

22. **The Home Energy-saving Book.** Some simple ways to save up to 50% on home energy.

23. **The How Your Car Works Book.** A guide to the understanding and care of your car.

24. **The More Miles for Your Money Book.** How you could cut your gasoline cost by $300 a year or more.

25. **The Energy Independence Book.** How to help regain control of our energy future by finding more and using less.

26. **The Conservation Bonus Book.** How to spend part of your gasoline budget on things that are more fun.

27. **The Energy Countdown Book.** How we can successfully bridge the energy gap to the 1990's.

28. **The Conservation Payback Book.** How to choose home energy savers which pay for themselves.

29. **The On-the-Spot Repair Book.** How to deal with sudden car problems—yourself.

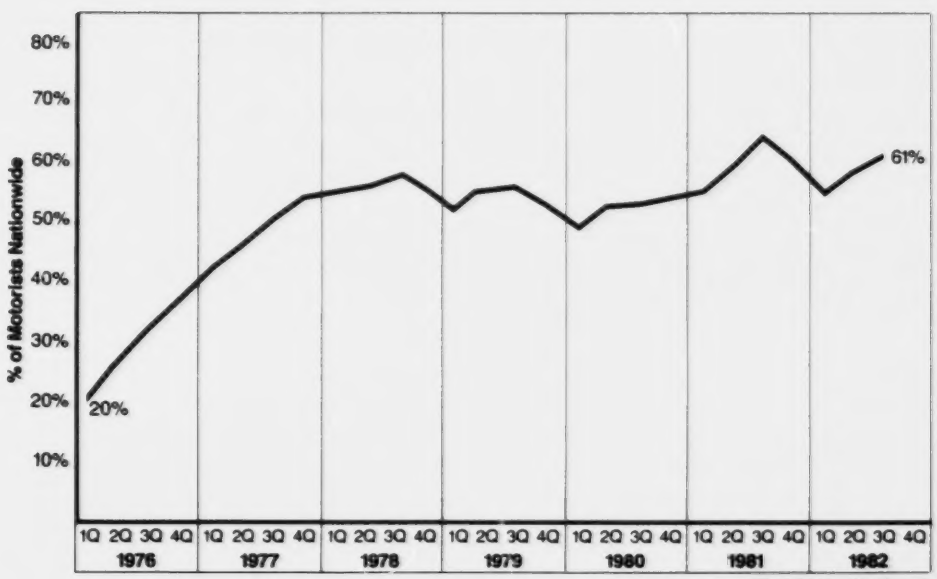
30. **The First Aid On the Road Book.** How you might save the life of an accident victim.

31. **The Longer Car Life Book.** How to make your car last. And why.

32. **The Fire Safety Book.** How to prevent fires at home and survive an emergency.

For copies, write: Shell Oil Company, P.O. Box 61609, Houston, Texas 77208

Illustration 5:
Shell Advertising Awareness



(Total Claimed Ad Recall)

Source: Fieldtrack, October 1982

- **94 percent of those consumers who obtained the booklets found them helpful.** And on a nationwide basis, Shell was perceived as considerably better than competitors on several image attributes, such as:
  - — Gives useful information to help motorists make buying decisions. (See Illustration 6, page 27.)
  - — Is most willing to give information to the public.
  - — Shows particular concern for the consumer. (See Illustration 7, page 27.)
  - — Is a good company overall.
  - — Has representatives who are believable.
  - — Is honest and trustworthy.
  - — Makes products of highest quality.
  - — Provides good service.
  - — Has the best dealers.

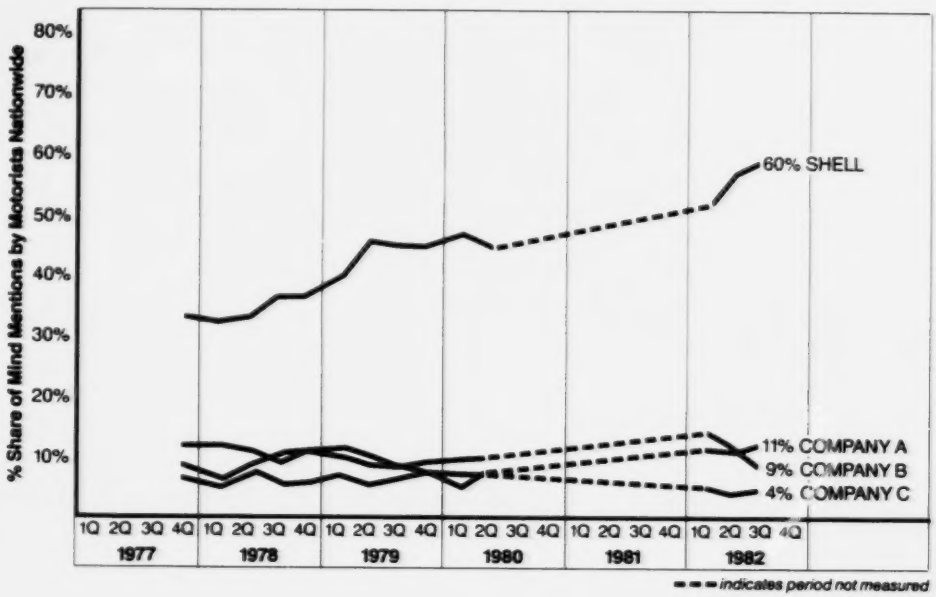
- **With the publication of Book #32, Shell has distributed nearly 1.2 billion booklets.** Shell has received over one million letters requesting the booklets and offering favorable comments. The ratio of positive to negative inquiries is 5,100 to 1.

- **The campaign materials have been used by schools, municipalities, businesses, the U.S. Department of Energy, the American Red Cross, the National Fire Protection Association, and many other organizations.**

- **The campaign has received many awards,** including:
  - — The American Marketing Association's "Effie."
  - — The American Advertising Federation's "Addy."
  - — *Saturday Review's* "Distinguished Advertising in the Public Interest" award.
  - — Marketing Communications "Marketer of the Decade" award.
  - — Houston Advertising Federation's Grand Prix/Consumer Magazine and Regional/National Television Campaign Awards.

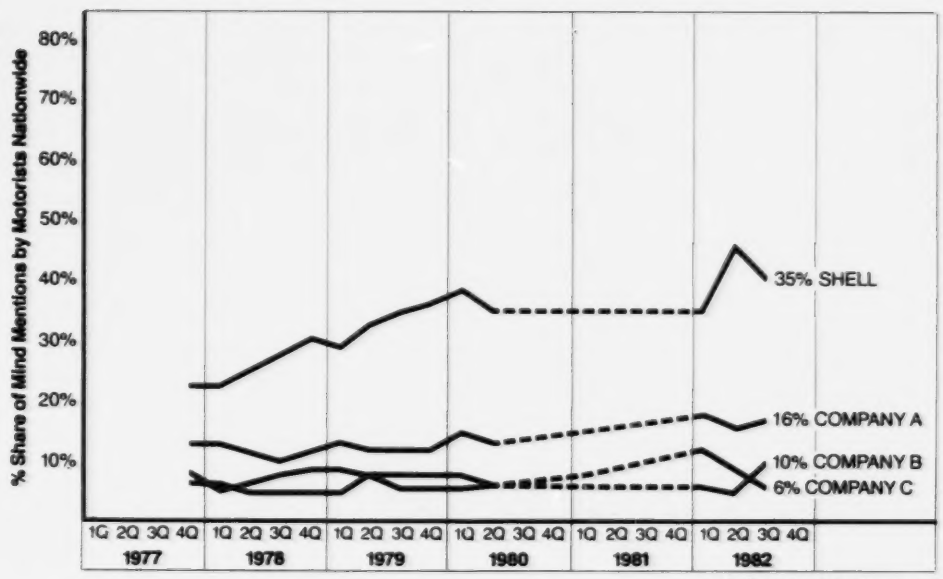
Shell learned a lot about how and how not to communicate with a hostile public through advertising. An important lesson was that when public emotions are high on issues of importance to the company, it may be best not to respond with advertising. When advertising is used, it is extremely important to monitor

Illustration 6:
"Provides Helpful Information to Help Make Buying Decisions"
Shell vs. Major Competitors



Source: Fieldtrack, October 1982

Illustration 7:
"Shows Particular Concern for the Consumer"
Shell vs. Major Competitors



Source: Fieldtrack, October 1982

the effect of the communications. Otherwise it is possible to do more harm than good. Perhaps most important, Shell learned from the "Come to Shell for Answers" campaign that providing useful information in plain English was an essential part of the campaign's success.

Materials available

For copies of "Come to Shell for Answers" booklets, write to:

Shell Oil Company
P. O. Box 61609
Houston, TX 77208

For further information, contact:

Joseph C. Jones, Jr., Manager
Corporate Advertising
Shell Oil Company
One Shell Plaza
P. O. Box 2463
Houston, TX 77001

CASE #4

Translating a Complex Message for the Lay Public: The Pfizer Healthcare Education Program

Constant evaluation of materials is essential to convey medical knowledge to the public. Through testing, Pfizer learned that some of its initial ads were viewed as somewhat threatening. The company corrected this perception by using everyday words before introducing technical medical terms.

Background

Through the years, Pfizer has been actively involved in exchanging complex scientific and medical knowledge with the pharmaceutical industry, scientists and researchers, and the medical professions. As new technologies have emerged from Pfizer's laboratories, and as new findings about the causes and cures for disease have become known, Pfizer has played a pivotal role in keeping the medical professions abreast of the latest medical thinking.

Now a new communications challenge is emerging. The public is becoming increasingly involved and interested in health care topics, as shown by the rising tide of health-related books on recent best-seller lists.

Although there has been a tremendous surge in the number of health-related publications and articles, when Cambridge Reports recently conducted a poll for Pfizer, two-thirds of the 1,500-person sample expressed both the desire and the need for still more information. It appears that many of the current efforts to communicate information about health care are either falling short of their intended goals or missing their mark entirely. The reason is that many of these efforts are not developed with their intended audiences in mind.

Historically, ethical pharmaceutical companies have communicated to the public only indirectly, through physicians, pharmacists, and other health care professionals. However, with the rising demand for health-related information and the developing tendency toward self-care, Pfizer believes that the company has a responsibility to supply the health care information the public demands.

Pfizer's Healthcare Education Program

In order to meet that responsibility, Pfizer developed its Healthcare Education Program, which delivers medical information designed to help the public:

- To maintain good health.
- To recognize possible symptoms of disease so that they may seek appropriate counsel and treatment.
- To better understand and live with diseases they may already have.

Pfizer delivers this information in three different forms: *America's Health*; the Healthcare Series; and the Patient Information Publications.

Planning the magazine, *America's Health*

To respond to the general public's need for information to maintain good health, Pfizer developed *America's Health*. This free quarterly magazine features articles that deal with lifestyle, exercise, nutrition, and recent medical advances. It is intended to educate people about health issues and to help them maintain their mental and physical well-being.

Initially, Pfizer distributed the periodical directly to a selected group of well-educated and avid readers of scientific and health-oriented publications. At that time, the magazine was written for college-level comprehension.

At present, however, the magazine is also distributed to 130,000 physicians who wish to use it in their waiting rooms. These waiting room copies have special inserts that patients can mail to order their own subscriptions for *America's Health*. As a result, current distribution of the magazine has climbed to over 350,000. The characteristics of the audience have changed as circulation has increased. Therefore, the reading level, writing style, and content of *America's Health* have been adjusted to suit this broader, more general audience. The magazine is now written at an eighth-grade reading level.

Pfizer has done extensive testing and polling to be certain that articles in *America's Health* can be easily understood by the average reader. The company uses the Flesch reading ease test* and other standard tests to determine the reading level of the magazine as well as other Pfizer publications. Pfizer has also run tests to determine how much readers actually learn from the magazine's articles. As with all aspects of the Healthcare Education Program, Pfizer also does market research to insure that messages in *America's Health* are being communicated effectively to the target audiences. Studies are conducted annually to determine the changing demographics of readers and to evaluate interest, comprehension, and use among consumers and physicians. Following is a brief summary of the results of telephone surveys conducted among 87 consumers and 106 physicians.

* *See Appendix 1.*

Results of Telephone Surveys about the Magazine, *America's Health*

Consumers

- 72 percent expressed an overall favorable reaction toward the magazine, *America's Health*.
- The average time spent reading the publication was 30 minutes, a figure which compared very favorably with the norms from other consumer-oriented publications.
- 78 percent felt that *America's Health* is a valuable source of health care information.
- 82 percent said that before reading *America's Health*, they were aware that drug companies were developing many new life-saving heart drugs, and 57 percent felt that they learned more about these drugs by reading *America's Health*.
- 90 percent were aware of the need to take blood pressure medication as prescribed—when indicated—to insure life-saving benefits.
- 47 percent felt they learned more about high blood pressure medication by reading *America's Health*.

Physicians

- 80 percent expressed a favorable reaction to *America's Health*.
- 90 percent felt that *America's Health* would be helpful in some manner to their patients.
- 86 percent felt that *America's Health* would add to patient understanding of various diseases.
- 58 percent felt that *America's Health* would increase patient compliance.

Planning the advertising messages, the Healthcare Series

To respond to the public's need for information to help them recognize symptoms of disease, the company developed the Pfizer Healthcare Series.

This is a series of advertisements that alerts the public to symptoms and dangers of diseases such as hypertension, angina, diabetes, and cancer. For each advertisement, the message is first drafted by Pfizer's advertising agency and then revised by Pfizer's writers and executives.

In creating the series, Pfizer's primary goal was to provide health care information and advice that would be readily accessible and understandable to average readers. At the same time, the company was concerned that the series must not "talk down" to readers; that could cause many people to doubt the educational value of the messages and the integrity of Pfizer as the company sponsoring the ads.

Several months were spent testing and revising these messages. Initially, Pfizer conducted focus groups to evaluate each of the messages with representatives of various segments of the population. These sessions not only taught Pfizer a lesson in plain English but also a lesson in transferring complex medical knowledge to the lay public. Pfizer was surprised when consumers viewed some of the

initial ads as somewhat threatening. In response, the messages were refined to achieve a more positive tone while still maintaining some semblance of the medical fair balance that Pfizer is accustomed to using in its communications with physicians. Some of the more technical terms, such as "hypertension," intimidated less-educated consumers and prevented them from reading the entire message. However, if the disease was referred to first as "high blood pressure" and then later the word "hypertension" was introduced, the message became more comprehensible. By starting with familiar words, the messages could later use technical language without overwhelming the readers.

The next step in developing the series was to test each health care message for its reading grade level. Pfizer strives for an eighth-grade reading level. As an aside, Pfizer also runs extensive tests on health care information currently produced for consumers by other pharmaceutical companies, government agencies, private health associations, foundations, and academic groups. Most of the health care information tests at too high a reading level for the majority of the population to understand.

Before publishing the ads carrying the health care messages, Pfizer hired Yankelovich, Skelly and White, Inc., to conduct benchmark research. The purpose was to assess how well the messages would communicate information about the specific diseases covered in the ads. In this test, readers were asked a series of true/false questions before and after reading the health care messages. The results from these questions confirmed that the series of ads could effectively communicate medical knowledge. For example, respondents were asked, "Angina is a heart condition that can be treated with medication. Is this statement true or false?" The statement is true, yet before reading the ads only 49 percent of respondents were able to answer this question correctly. After reading the messages, 86 percent answered correctly. In another question, respondents were asked, "There are no apparent symptoms of angina. True or false?" The statement is false; however, before reading the messages, only 40 percent answered correctly. After reading the ads, 71 percent of the survey participants responded correctly.

After receiving the favorable results from this study, the Pfizer Healthcare Series was introduced in newspapers and consumer magazines in six major cities. The six original health care messages ran for three months in the autumn of 1982; and then Pfizer asked Yankelovich, Skelly and White, Inc., to conduct a follow-up study. They did individual 20-minute interviews with a cross-section of 1,200 people. The study clearly indicated that the people who had seen Pfizer's messages knew more about angina and hypertension than those who had not. Approximately two-thirds of the consumers surveyed felt "more informed" about these diseases after reading the ads. Four percent of the participants in the study said that they had made appointments with doctors as a result of what they had learned from reading the ads.

While evaluating the effectiveness of the health care series in communicating to the public, Pfizer also monitored the attitudes of the medical profession.

As a manufacturer of ethical pharmaceuticals, Pfizer is dependent on medical professionals as the prime decisionmakers for the use of its products and upon the FDA as the agency that regulates its activities. Therefore, Pfizer commissioned a separate market research study among physicians to determine their reactions to the Healthcare Education Program and also to receive specific

suggestions and criticisms from their point of view. As with Pfizer's consumer research, the results were highly positive. Over 90 percent of the physicians surveyed responded favorably to the health care messages. Pfizer also received supportive comments from Food and Drug Administration (FDA) officials after presenting elements of the Healthcare Education program at the FDA's hearings on patient education.

The series has generated thousands of letters and telephone calls from consumers, as well as medical professionals. As a result of this response, Pfizer expanded the Healthcare Series to provide consumers with more general advice on health care and information on diseases. To identify topics for the series, Pfizer polled representative samples of consumers. To educate an even larger segment of the population, Pfizer also adapted a health care series of commercials for radio and television.

In adapting the messages to a multimedia communications program, Pfizer conducted extensive research to insure that the series did not lose its educational value. This task was a difficult one because print ads of 500 or more words had to be transformed into radio and television spots that ran for only 30 seconds. (See Illustrations 1, 2, 3, pages 35-38.)

During this research, the company discovered that the editorial environment in which one places an ad has a dramatic effect on the success of communicating the message. When Pfizer placed messages in an information-oriented environment such as *Time Magazine*, it got better responses from readers than when the same messages were placed in a lighter, more entertainment-oriented publication such as *People Magazine*. (Pfizer hopes through future research to determine whether this is a result of the different magazines being read by different people or of the same people approaching the two types of magazines in different frames of mind.) As a result of this finding, print messages are now placed in information-oriented periodicals, and radio and television spots are scheduled to appear primarily on news programs and talk shows.

Planning the Patient Information Publications

The third element of the Pfizer Healthcare Education Program is a series of publications for patients who already have been diagnosed as having a particular disease. These books are longer and more comprehensive than the messages in the health care series; and each book focuses more on managing the disease than on detecting it. The books are designed for physicians to give to their patients.

Pfizer has been developing this series for the past two years, collaborating with Medicine in the Public Interest, a nonprofit organization engaged in medical research and education. Before introducing the first book of the series, *Learning to Live with Angina*, Pfizer conducted extensive market research and readability tests. Information was gathered from focus groups and one-on-one field testing with both doctors and patients. After introducing the book, Pfizer conducted additional market research to insure that the publication was both comprehensive and comprehensible.

Again, the research results were highly positive. Ninety-eight percent of the physicians surveyed had already distributed or planned to distribute *Learning to Live with Angina* to their patients. When asked to rate the publication on a 5-point

scale, with 5 being the most favorable response, physicians gave the publication an average rating of more than 4.5 for completeness in covering the subject, clarity and readability, and educational value for patients.

Pfizer introduced three additional information publications for patients in 1983. More extensive research among both physicians and patients is planned after the first four books of the Patient Information Publication Series are released.

Payoffs of the project

- **The Pfizer Healthcare Education Program has received excellent response from members of the public and members of the medical profession.**
- **Pfizer has developed great expertise in communicating with the public.** The company believes that the program's success is a direct result of the extensive use of market research in initially developing and in continually monitoring all three segments of the program.
- **Pfizer's materials have achieved strong credibility as a result of constant evaluation and modification.** Through this process, the company has succeeded in identifying its audiences and in effectively communicating important health care information to them.
- **Exposure to the Pfizer Healthcare Education Program has led members of the public to have more favorable opinions of Pfizer because of the company's concern with educating the public about health issues.**
- **Recent market research indicates that as a result of the Healthcare Series, consumers are better informed about the subjects discussed and are likely to take appropriate health action based on this information.**

Materials available

For copies of the publications in the Pfizer Healthcare Education Program, write:

- *America's Health*
  America's Health
  230 Brighton Road
  Clifton, NJ 07012
- The Pfizer Healthcare Series
  Pfizer Pharmaceuticals
  Post Office Box 3852A
  Grand Central Station
  New York, NY 10163
- Patient Information Publications
  Learning to Live with Angina
  Learning to Live with Osteoarthritis
  Learning to Live with Diabetes
  Learning to Live with Hypertension
  P.I.P.
  Post Office Box 3852
  Grand Central Station
  New York, NY 10163

For further information about the program in general, contact:

Grant Denison
Vice President, Planning and
Business Development
Pfizer, Inc.
235 East 42nd Street
New York, NY 10017

Illustration 1: This is the health care message on diabetes that Pfizer ran in newspaper and magazine advertisements.

THE PFIZER HEALTHCARE SERIES

If you get "F's" on this simple test, you may be at risk for diabetes.

In most people, diabetes develops slowly, over years. There are no early warning signs at all. Sometimes it can remain undiagnosed until a serious complication results affecting the kidneys, vision, heart, brain or even life itself.

To see if you "pass" or "fail" in being at risk for diabetes, check the number of "F's" that apply to you. The more "F's" you get, the greater your risk of developing diabetes.

The first "F" is for *family*:
It's also the most important one. If there is a history of diabetes in your family—even in a distant relative—you are at greater risk of developing it yourself. And this particular "F," in combination with any of the others, increases your risk considerably.

The second "F" is for *fat*:
Being significantly overweight increases the likelihood of developing diabetes. About 70% of all diabetics are overweight at the time of diagnosis.

The third "F" is for *forty*:
Although diabetes can affect people of all ages, the chances of developing it increase with age. About two-thirds of all diabetics are over forty.

The fourth "F" is for *food*:
The quality as well as the quantity of food you eat may predispose you toward diabetes—high in calories, high in sugars, low in fiber.

What is diabetes?
Diabetes is a disorder in which the body cannot control the levels of sugar in the blood. Normally the hormone, insulin, regulates the blood sugar level. But if your body does not produce or effectively use its insulin, diabetes results.

What can be done about diabetes?
Often people don't realize that most diabetes can be easily managed by simple programs that bring blood sugar under control. Many diabetics need only weight reduction, the right foods and moderate exercise. And, if these changes are not enough, a simple oral medication is all that may be needed. Today, even those who need insulin can be better and more comfortably managed by their doctors than ever before.

The diagnosis is easy.
But only your doctor can make it. And remember, if you got a combination of "F's" on the test—over 40 and overweight, or have diabetes in your family—you should have regular blood and urine tests. Early diagnosis in adults can lead to better management and fewer problems later on.

Only your doctor can prescribe treatment.
Follow your doctor's advice about diet, exercise and medication. Also, be aware that you have a support system, which we call...

Partners in Healthcare:

You are the most important partner.
Only you can see your doctor for a proper medical checkup. And it's you who must decide to accept the guidance and counseling of your physician, nurse, nutritionist and pharmacist. When medications are prescribed, only you can take them as directed.

Your doctor orders your tests and makes the diagnosis.
Your physician will advise you on your weight, your diet and your exercise, decide if you require medication, and help you monitor your progress.

All those who discover, develop and distribute medicines complete the partnership.
Pfizer's ongoing research brings you essential medicines for a wide range of diseases. Through our development of these medicines, we are fulfilling our responsibility as one of your partners in healthcare.

For reprints of this Healthcare Series, please write: Pfizer Pharmaceuticals, Post Office Box 3852D, Grand Central Station, New York, NY 10163.

Pfizer

PHARMACEUTICALS • A PARTNER IN HEALTHCARE

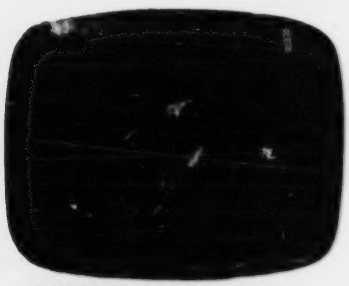
Illustration 2: This is the diabetes message, adapted for a 30-second television commerical.

Pfizer Healthcare Education Program

TELEVISION SERIES "MOTHER/DAUGHTER" 30 SECONDS

ANNCR: This woman has had diabetes for years.

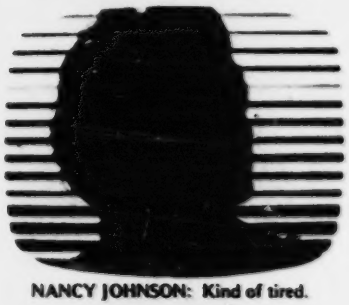
NURSE: Mrs. Johnson.



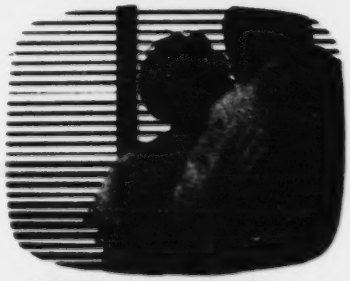
ANNCR: So there's a chance her daughter may also develop it.

Diabetes is a serious illness. But it can be controlled.

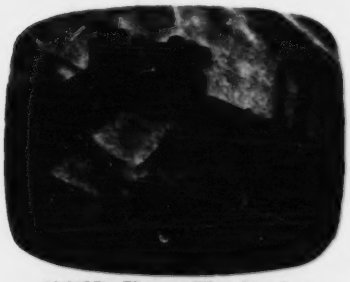
DOCTOR: How have you been feeling, Nancy?



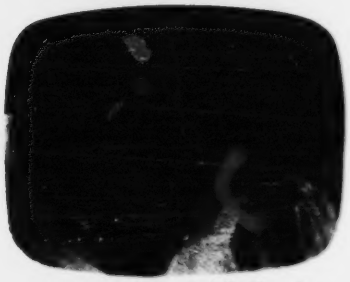
NANCY JOHNSON: Kind of tired.



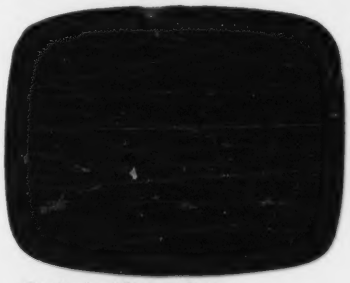
DOCTOR: Are you often thirsty?
NANCY JOHNSON: Yes.



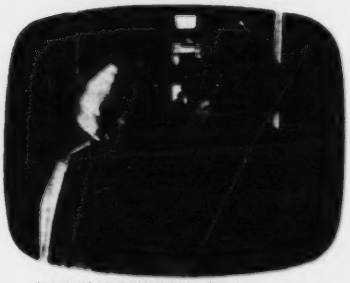
ANNCR: Eleven million Americans have diabetes,



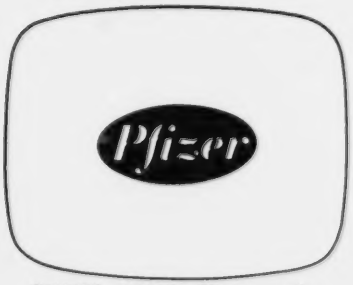
maybe even you, especially if you're over forty and overweight.



So check with your doctor.
This message was brought to you by Pfizer Pharmaceuticals.



NANCY JOHNSON: I'll know soon, mom.



(MUSIC) ANNCR: Pfizer, one of your partners in health care.
(MUSIC OUT)

Illustration 3: This is the diabetes message, adapted for a two-minute radio commercial

2-MINUTE SCRIPT FOR ABC TALKRADIO
DIABETES -- "4F"

Man: We're going to give you a simple test -- an important one, because if you get any F's, it could mean you're a candidate for a serious disease.

Woman: This is another in a special series on your health, brought to you by Pfizer Pharmaceuticals. And the disease we're talking about today is diabetes.

Man: Now, let's take the test. The more "F's" you get, the greater your risk of developing diabetes.

Woman: The first "F" is for family. If there's a history of diabetes in your family -- you have a greater risk of developing it yourself.

Man: The second "F" is for fat. Being significantly overweight increases the likelihood of developing diabetes. About 70% of all diabetics are overweight at the time of diagnosis.

Woman: The third "F" is for forty. Diabetes can occur at any age, but the risk increases as you get older. About two-thirds of all diabetics are over forty.

Man: The fourth "F" is for food. The quality of food you eat, as well as the quantity, may predispose you toward diabetes. Foods that are high in calories, high in sugar, low in fiber -- tend to increase your risk.

Woman: Now, if you had to give yourself some "F's" on this test, that doesn't mean you're sure to develop diabetes. It does mean that you run an increased risk of developing diabetes.

Man: Actually, anyone can get diabetes, even if they don't fall in one of these high risk categories. And diabetes is a serious disease. Undiagnosed, it can affect the kidneys, vision, heart, brain, or even life itself.

Illustration 3 (continued)

Woman: But the good news is that diabetes can usually be controlled successfully, especially when it's diagnosed early.

Man: The important thing is to see your doctor for regular check-ups. Your doctor can determine if you've got diabetes, through a simple diagnosis.

Woman: And if you are diabetic, your doctor can help you control it. Many diabetics need only weight reduction, the right foods, and moderate exercise. If this isn't enough, most times a simple oral medication may be all that's needed.

Man: Remember -- only your doctor can detect diabetes. And only you can make the decision to see your doctor.

Woman: This has been another in a special series on your health, brought to you by Pfizer Pharmaceuticals. Pfizer -- one of your partners in health care.

HOW Adopts Plain English to Comply with the Magnuson-Moss Act

HOW's innovative product was an insured warranty policy for homeowners. But Magnuson-Moss set new ground rules for the language in warranties. Could HOW comply?

Background

"You've got to get rid of all those whereases!"

With that, the Federal Trade Commission (FTC) passed judgment on the clarity of the language in the warranty/insurance document that was offered to consumers by the Home Owners Warranty Corporation (HOW).

The document did not conform to the requirements of the newly passed Magnuson-Moss Consumer Product Warranty Act, which stated that warranties must be written in "simple and readily understood language." The Act also specified that the document must include information about the term and scope of warranty coverage, remedies available to the purchaser, and any limitations placed on the purchaser's implied warranty rights.

In addition to affecting the language and scope of warranties, Magnuson-Moss set other requirements that would limit HOW's program. The new law prohibited the use of conciliation or mediation as a step in the procedures to resolve disputes informally and forbade the use of dispute settlers who had direct involvement in the manufacture, distribution, sale, and service of any product. No warrantor was required to offer informal dispute resolution; however, when it was offered, an annual audit was required.

Housing was specifically excluded from the Magnuson-Moss Act, but consumer products for attachment to or installation in real property did fall under the Act. Such major appliances as furnaces, air conditioners, and water heaters came under the definition of consumer products. Consequently, any builder who passed on the manufacturer's warranty on a refrigerator, for instance, would be liable under the Act. If he or she offered the new HOW coverage or the typical written one-year warranty that covered consumer products sold as part of the home, Magnuson-Moss applied.

HOW's problems—and one solution

The FTC directive came in 1975. HOW was not yet two years old. It had issued its first insured warranty policy in August 1974. And suddenly it was confronted with a law that affected its very substance. Compliance with Magnuson-Moss would mean (1) revamping the warranty itself to spell out the builder's obligations clearly, (2) changing HOW's procedure for resolving disputes, and (3) rewriting HOW's documents in plain English.

HOW was a brilliant new concept. Housing, the Nation's second largest industry, had decided to provide a self-regulatory program for builders that would prove to be far more comprehensive than any other industry's, before or since. The National Association of Home Builders (NAHB), with its 100,000-plus members, had sought a way to raise the quality of home construction and to stabilize standards in the industry, in order to prevent Federal regulation. The English had already developed a program in which builders offered an insured warranty and insurance against major structural defects which had been so well accepted that it had become virtually impossible to get a mortgage in England without 10-year insurance protection.

NAHB patterned its program on the English one, and HOW became a reality. The idea was enthusiastically received by a hard core of builders and developers, but there were many thousands who needed to be sold on the program and its effectiveness.

And now this "child" was confronted with the Magnuson-Moss Act—just as it was learning to walk. More than that, the housing industry did not welcome any further legislation.

The fledgling HOW had three alternatives:

- Leave all consumer products out of the program.
- Rewrite the policy in two sections, one for consumer products and one for nonconsumer products.
- Conform to the Act.

Weighing the alternatives, HOW decided that compliance could be turned into a positive selling tool with builders. HOW would be able to merchandise to the industry the fact that HOW builders automatically conformed with Magnuson-Moss as long as all warranties were prominently displayed in model homes or sales packages.

Compared with the way decisions are made in most corporations, this one was easy to make. The director of field services persuaded the president, the vice-president, and the corporate counsel to make the effort to comply. Staff at HOW and its corporate counsel reworked and rewrote the documents in plain English, working closely with the FTC. No formal testing was done.

Changes in the HOW program and documents

As it was originally conceived, the HOW warranty was a full warranty. Under the Magnuson-Moss Act, however, a full warranty gave the buyer the option of a refund or a complete replacement of the defective item if it could not be repaired after reasonable attempts. If the seller couldn't offer that, then Magnuson-Moss required the seller to offer a limited warranty. HOW had to change to a

limited warranty, which reserves the option of repair, replacement, or refund to the builder.

The old document—offering a full warranty and written in full "legalese"—began:

> WHEREAS, Builder has built or caused to be built (i) for sale to Purchaser, or (ii) under contract with Purchaser, at a purchase price of $_____, a Home situated on the land located and described as: (Note: Insert address, and lot and block number or other legal description of the property sufficient to identify the Home):
>
> WHEREAS, Purchaser has inspected the Home and accepted it as substantially complete (except as may be listed on the Inspection Schedule, if any, attached hereto and initialled by the parties);

The new document—offering a limited warranty and written in simple language—began:

> **Identity of Warrantor.** The Builder on page 1 is the warrantor under this warranty.
>
> **To Whom Given.** This warranty is extended to you as Purchaser (the first owner to occupy the home as a residence for yourself or your family) and automatically to any subsequent owners of the home and any mortgage lender who takes possession of the home (see exclusion during non-residential use, page 5).

In clarifying the language, HOW also clarified the coverage, thus eliminating much of the possibility for misunderstanding by the builder and the homeowner.

For instance, the old document read:

> **III. BUILDER'S WARRANTY**
>
> A. Subject to the provisions of this agreement, Builder hereby warrants that **during the applicable Initial Warranty Period**, it will (at its sole option) either (i) repair, (ii) replace, or (iii) pay to Purchaser the reasonable cost of such repair or replacement of (a) all defects in the Home due to non-compliance with the Approved Standards, and (b) all Major Construction Defects. The warranty of Builder is conditioned on compliance of Purchaser with the terms of this agreement.

The new document read:

> **Coverage During the First Year.** For one year, beginning on the commencement date filled in on page 1, the Builder warrants that the home will be free from defects due to noncompliance with the Approved Standards and from major construction defects.
>
> A "major construction defect" is actual damage to the load-bearing portion of the home (including damage due to subsidence, expansion or lateral movement of soil from causes other than flood or earthquake) which affects (or is imminently likely to produce a vital effect on) the use of the home for residential purposes).

This led to additional changes. HOW reassessed all of its documents, revising them in many cases for clarity. For instance, HOW simplified the home enrollment procedure by dropping one complete step, eliminating a form, and simplifying the basic enrollment form.

A major plus for the company was the elimination of a *Consumer Information Brochure*. This 17-page brochure had been designed to explain the warranty documents; it was given to homeowners to help them understand what coverage they were getting. It was no longer considered necessary once the warranty document had been clarified. This one move saved the company an estimated $120,000 in printing expenses over several years.

The documents have been clarified further, and the 1981 version was given the Flesch reading ease test* in order to comply with the requirements of the insurance commissions in three States. The 1982 version conforms with the 1981 version.

HOW's other problem—dispute settlement

Aside from simplifying its documents, HOW faced another problem posed by Magnuson-Moss—its dispute settlement procedure.

This procedure for settling disputes informally uses impartial third parties to resolve disagreements between homeowners and builders, at no cost to the homeowner. Decisions are based on the warranty document and a set of Approved Standards which specify the minimum acceptable construction standards which are given to the homeowner. Builders agreed to use these Standards and the informal dispute settlement procedure. A builder who doesn't comply with a dispute settler's ruling is expelled from the HOW program.

At the time the Magnuson-Moss Act was passed, no other warrantor was offering any system for settling disputes informally. Not only that, but the FTC's implementation of the Act forbade (1) the use of conciliation, (2) the use of industry experts as arbitrators, and (3) making any charge for dispute resolution.

HOW's problem was that its dispute resolution procedure used conciliation and, if that failed, arbitration. Conciliation was handled by industry experts (retired builders, architects, engineers, inspectors), and the homeowner was charged a refundable fee of $75 for lodging a complaint.

For HOW to comply fully with Magnuson-Moss wasn't just a matter of rewriting its documents so they could be understood. It meant that HOW had to change its basic procedure. The FTC, not wanting to push HOW away from Magnuson-Moss, worked to make compliance simpler. The agency partially exempted HOW from its regulations by permitting HOW to continue using conciliation and by allowing industry experts to serve as conciliators. However, it refused to permit the charge of $75.

HOW, in turn, agreed to the annual audit of its dispute settlement procedure. This audit consists of a survey of a cross-section of home buyers who have filed formal complaints under the dispute settlement procedure. The survey includes a number of questions about the clarity and understandability of the documents. As many as 81 percent of the respondents have rated the documents clear and understandable.

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* *See Appendix 1.*

It should be noted that HOW has simplified its procedure even further. The conciliation step as a separate, distinct meeting has been eliminated. At the arbitration meeting, the arbitrator first acts as a conciliator, then makes a final decision.

Payoffs of the project

Rewriting the warranty document in plain English has had an even more far-reaching effect on the efficiency and increased productivity of the company than any other part of the decision to conform the document to the requirements of the Magnuson-Moss Act. Although the company used no formal benchmarks for evaluating revision of the document, the rewrite achieved a number of things:

- **By forcing the document into plain English, HOW was able to eliminate some explanatory materials—the *Consumer Information Brochure* mentioned earlier, for instance.**
- **It became simpler to train staff.** Having a clear, concise document helped staff to work with homeowners and to train marketing and sales staff for builders.
- **It became simpler to train industry experts and the American Arbitration Association to handle complaints because coverage was easier to understand.**
- **Builders offering the program began to understand their obligations more fully.**
- **Homeowners better understood what protection they were getting and what the procedures were for handling complaints and filing claims.** (See Illustrations 1 and 2, pages 44-45.)
- **Clarification has prevented much litigation.** HOW could have been heavily involved in the courts because of murky language.
- **Clearer explanations of coverage and better training have helped to lower the claims rate.**

HOW benefits consumers in the marketplace. It is in HOW's best interests to produce clear documents so that the consumer understands what HOW protection means. This prevents consumers from expecting too much and being disappointed or frustrated; it also helps HOW develop an aura of good service.

On the other side of the coin, it is vital that builders understand and accept their responsibilities. Because HOW has clarified the acceptable standards of construction quality, builders have national standards to guide them.

Plain English is plain good business. HOW will continue to use it.

Materials available

- *HOW Approved Standards*
- *Dispute Settlement Procedures*

For sample copies, and for further information, contact:

Jane Moss Snow
Director of Public Affairs
Home Owners Warranty Corporation
2000 L Street, NW
Washington, DC 20036

Illustration 1: HOW's original warranty contained this explanation of procedures for handling complaints and filing claims.

Explanation of Procedures

V. CONCILIATION AND ARBITRATION PROCEDURES

Purchaser and Builder agree that:

A. If any disputes shall arise between Purchaser and Builder concerning any matter or thing arising hereunder or under the Certificate or in connection therewith, such dispute shall be referred to Local Council for conciliation. However, if conciliation does not result in prompt settlement of the dispute, the dispute shall, *upon request by either party thereto, accompanied by the required deposit,* be referred by Local Council to arbitration conducted in accordance with the Expedited Home Construction Arbitration Association or substantially equivalent arbitration rules and procedures approved by Local and National Council, the parties to any such dispute may elect to proceed under the Construction Industry Arbitration Rules of the American Arbitration Association, which rules contain a different fee schedule and procedures and provide for the final apportionment of fees between the parties by the arbitrator or the arbitrators in the award. The final decision of the arbitrator shall be final and binding upon the parties to the extent permitted by the law of the jurisdiction in which the Home is structured.

B. If the National Council shall not obtain for Purchaser payment under the Master Policy within thirty (30) days following receipt of written notice from Purchaser of failure of Local Council to obtain such payment, judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

Illustration 2: HOW's revised warranty contains this explanation of procedures for handling complaints and filing claims.

Explanation of Procedures

Submission of Claims to Builder. If you have a complaint, you should first send a clear and specific written complaint to the Builder. You may also wish to provide the Local HOW Council with a copy of any such complaint for its information.

Time of Notice of Claim. Written notice of a defect in any item under the warranty must be received by the Builder (or, at your option, the Local HOW Council) within 30 days after the warranty on that item expires.

Demand for Dispute Settlement. If you and the Builder disagree concerning the warranty obligations under this agreement (or he does not respond to your complaint), you may request informal dispute settlement concerning your claim by mailing the "Demand for Dispute Settlement" form to the Local HOW Council.

You may also request informal dispute settlement by submitting a letter specifically requesting dispute settlement and identifying yourself, the Builder, the home, the defects claimed and the remedies sought.

Conciliation and Arbitration. HOW provides for conciliation and for nonbinding arbitration conducted by the American Arbitration Association under its Expedited Home Construction Arbitration Rules (or by another approved organization). No fee or deposit is required. No arbitration decision may call for performance beyond the scope of the warranty provided in this agreement.

After it receives your "Demand for Dispute Settlement" form, the Local HOW Council will assign a conciliator who will attempt to work out a voluntary conciliation agreement between you and the Builder as to the settlement of your claim. After you have attempted conciliation, you may demand arbitration of any unresolved warranty dispute between you and the Builder.

You are not required to submit your claim to dispute settlement unless you wish to do so. However, under Public Law 93-637 you may not file suit against the Builder until you have submitted your claim and a decision has been reached. Suit may be permitted under other state or Federal laws and you are only required to wait for a decision for 40 days (47 if you do not contact the Builder before filing a claim) after which time you may sue. In addition, the insuror is not required to pay you under the insurance coverage unless you complete arbitration.

On Plain English—Its Use and Its Advantage for Target Stores

In a self-service discount store, plain English signs are a must—to tell customers where the merchandise is, what bargains are available, how the store does business.

Background

Target sees itself as an upscale, quality alternative to other discount stores. Target also considers itself a value alternative to department stores, specialty stores, and catalog stores. It's geared to serve the customer who has a tight budget, a demand for high quality, and an active lifestyle.

Management understands the value of this customer's time. The stores are designed to allow customers to get into and out of the store quickly with the merchandise they came for. The aisles are wide. The departments are clearly marked. The signs are easy-to-read. The merchandise is displayed neatly. And the checkout lanes are efficient.

What does plain English do for Target?

Target's need for plain English is obvious. Because Target is a self-service store, sales help is generally not available and customers must rely on the printed word. Customers need information to make their product selections. They need to know:

- where to find it
- what the important features are
- whether there is a rebate coupon available
- what the prices are—both regular and on sale

Customers also need to know about store policies and operations. If customers do not get the information they need (either because it's not available or because the message is unclear), they will feel uncomfortable making the purchase. Customers have alternatives to Target; plain English is one important way Target removes the inclination to seek alternatives.

Target helps save its customers' time by providing enough information, by having that information available where it's needed, and by making certain that the information is perfectly clear. Everything from the giant sign on a Target building to the price sticker found on a single piece of merchandise must be readily visible and easily understood by each of the more than 100 million customers who enter the stores each year.

The purpose of plain English, then, is to:

- save customers' time
- provide customers with critical information
- enhance customer confidence and sales

How did Target begin its plain English program?

In 1962, Target opened its first store. As an offspring of Dayton Stores, Target inherited a philosophy of being community minded. Like Dayton's, Target recognized the need to communicate with its customers in a clear, concise, straightforward manner. No deception. There was no single management decision to use plain English; it simply grew naturally out of the company's overall philosophy.

To protect this philosophy and to assure that all directional, informational, or promotional signs are clear, concise, and consistent, all signs and advertisements are handled by a single department at the company's headquarters.

What kind of opposition did/does Target face regarding the use of plain English?

The signing department (where signs are written and printed for the entire company) continually battles the "ambiguity complex," which many business people suffer from.

Simply put, many people in the company who request signs from the signing department (especially those who are younger, or less confident) think that bigger words are more impressive. The objective of "message sent—message received" is all too often forgotten. So the signing department is responsible for

educating the "sign-needy" on what makes sense and what doesn't. Long words and company jargon are intimidating to customers—it's the signing department's responsiblity to make sure all company signs are easy-to-read and easy for our customers to understand.

Judgments are made by experienced personnel in the signing department. The specifics of the signs—size, typeface, placement, and color—are set forth in a *Signing Manual* that was developed by Target.

How does Target know that signs are working?

Once signs are in use, Target gets feedback on their success or failure from Target's Consumer Advisory Panel. For example, "special purchase" has several different meanings according to Target's Consumer Advisory Panel. This information resulted in clearer communication in advertisements and in signing about "special purchases." Now, when Target uses the words "special purchase," they are followed by an explanation such as the following:

> The Target chain of stores purchased nearly one million books from leading publishers' overstock...we're passing the savings on to you. Hurry in for best selection, located under the big red banner. Prices good while supplies last.

Target interviews store personnel to find out what kinds of questions customers ask most frequently. From industry people, the company gets an idea of what information consumers need and then uses this information to develop signs. Knowing their customers helps. For example, customers who buy home computers from Target are very interested in detailed comparisons of features, so these are included on information signs displayed near the product. On the other hand, customers rarely request specific warranty information, so Target hasn't found it necessary to translate manufacturers' warranties into plain English (a lengthy and costly undertaking).

The company is also aware of regional differences among customers. In San Diego and San Antonio, for example, signs are posted in Spanish as well as English. Target hired a bilingual consultant in Texas to handle translations.

Target also displays signs that the Consumer Product Safety Commission requires when an item is recalled and supplements these with easier-to-understand signs of its own. (See Illustration 1, page 49.)

Illustration 1:
Target's Sign Explaining Reason for Recall of Bicycle

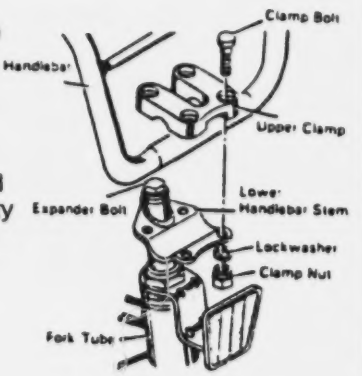
PRODUCT SAFETY NOTICE

If you purchased an X-38 Team Murray boys' bike (chrome and blue) between January and May of 1983, please remove and return the handlebar stem to Target for a free replacement stem (available at the sporting goods counter).

A number of these bicycles sold during this period have a weak weld in the stem. There is a possibility that some of those stems may crack.

The stem has been replaced on all of the bicycles currently in our store stock.

We apologize for your inconvenience.
We are concerned about your safety.



What are some specific applications of plain English at Target?

Examples of Target's plain English signs are given below:

- **Merchandise and product information sign**

Honey oak crib

99.99

- **28x52" full size**
- **Durable double drop side**
- **Plastic teething rails**
- **4-position spring**

Carton no. 196

• Price signs

Sale

This item
will be marked down
to the sale price
at the checkout lane.

50 month (T50) auto battery

59.99

With trade-in
Includes $5 refund for the old battery
64.99 without trade-in

• Warranty sign

Warranty information for Cameras and Electronics available here

• Rebate sign

Pick-up your manufacturer's mail-in rebate coupon on the board near the Service Desk.

• Satisfaction guarantee sign

Target's Guarantee

We want you to be satisfied.

If you are not satisfied with something you bought at Target, please return it. We will fix it, exchange it, make an adjustment or willingly return your money.

We want you to be satisfied.

• General store information sign

To help speed up your jewelry return, please get a slip from the jewelry department and return to the service desk for your refund.

Payoffs of the project

- **Plain English signs are easier-to-read.**
- **Plain English is often shorter. Your store won't appear cluttered.**
- **Plain English is easier-to-understand.**
- **Plain English is honest.**
- **Customers will like your straightforward approach.**
- **Good customer relations result.**
- **Good customer relations are good for business.**

For further information, contact:

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Medication Education: Roche's Commitment to Understanding

Studies had shown that patients were taking their prescriptions incorrectly. To reach these patients, Roche needed to produce easy-to-understand materials.

Background

Medication Education (ME) is a public service of Roche Laboratories, a division of Hoffman-La Roche Inc. It was the first large-scale multimedia information program undertaken by a pharmaceutical company to tell the public how to use prescription medicines safely and effectively.

Phase I of ME, which began in 1978, was targeted specifically to the elderly because:

- They are the fastest growing segment of the population. (Projections show that by the year 2000, 25 percent of the population will be over 65.)
- They need about twice as much health care as younger groups.
- There was some evidence that older people were taking more medicines in combinations, and were using some of them incorrectly.

Roche set two goals for this phase: (1) to reduce the potential for the elderly to misuse medication; and (2) to help health care professionals tell the elderly how to use their medicines properly. The program focused on correcting common mistakes that people make with their medication.

This information was delivered in the *What-If* booklet, which answers important questions about medication, as well as in newspaper and magazine ads and public service radio and television announcements. Roche emphasized making the information attractive, as well as easy-to-read and understand. The company's Scientific and Public Information Department wrote all the copy, being careful to avoid medical jargon.

During the four years of the first phase, Roche distributed 24 million *What-If* booklets through requests from physicians, pharmacists, and other members of the health care team as well as Federal, State, and local government agencies.

The *What-If* booklet is designed in a format that has been continued throughout the ME program. Nine questions and answers and a page of DOs and DON'Ts are included. For example, see Illustration 1 on page 53.

Illustration 1:
These are two pages from the *What-If* booklet.

What if your friend had what seems to be the same illness and she offers you some left-over medication that worked well for her?

Don't take it! Regardless of your friend's good intentions, taking medicine prescribed for someone else is a serious mistake. Her prescription was written for her on the basis of *her* age, *her* weight, and *her* physical condition. In addition to the possibility that it may be the wrong medication for you, drugs do lose potency with age and the drugs she's offering may have lost potency and become ineffective. Only your doctor can determine what medication is best for you and...how often and how long you should take it.

Don't forget...

- ☐ Never exchange medication with a relative or friend, no matter how similar your illnesses may seem.
- ☐ Try to avoid alcoholic beverages when taking any medicines.
- ☐ Keep an up-to-date list of all the medicines you are taking. Show the list to any physician who intends to prescribe another drug for you.
- ☐ Don't expect your medicine to make you feel better immediately. Give it time to work.
- ☐ Don't be lulled into a false sense of security if you start feeling better after a day or two. Stopping your medication too soon may cause a relapse or flare-up of the original problem.
- ☐ Make sure you understand when each of your medications should be taken because timing can have a strong effect on the success or failure of certain medicines.
- ☐ Because a number of medications may cause temporary drowsiness, be particularly careful when driving a car or operating any dangerous machinery.
- ☐ If you have skipped a dose of your medication, don't try to catch up by doubling the next dose on your own.

Broadening the program

In September 1982, Roche moved into Phase II of the ME program. Because the campaign to deliver information for the elderly was so successful, Roche broadened the program in several ways.

First, the company increased its target audience, reaching out to all patients who take prescription medicines.

Second, the company expanded ME's focus to provide information about five major classes of prescription products: antibacterials, antiarthritics, diuretics, tranquilizers, and sleep aids. Each of these important classes of medicines was made the subject of one booklet in a new series of *How-To* booklets. Although at the time Roche did not have an antiarthritic or a diuretic, Roche chose these products because they are among the most widely prescribed drugs. Based on the company's experience with a wide variety of pharmaceuticals, questions and answers were developed which reflected some of the more common concerns with each of these medicines.

The basic goals of the program, such as creating dialog between physician and patient, as well as helping patients obtain maximum benefits from their medicines, remain similar.

Filling the information gap

The need for useful patient information in all segments of the population has been amply demonstrated. In 1982 alone, 764.2 million new prescriptions were filled. Yet it has been reported that up to 50 percent of these medicines were used incorrectly. One study, which appeared in the *Journal of the American Medical Association*, reported that the patients in the study were taking 78 percent of their prescriptions incorrectly and 31 percent of the patients were using them in ways that posed serious health threats.

Getting the ME message out

Roche undertook a comprehensive multimedia campaign to launch the broadened ME message for the general public.

In addition to distributing millions of informative *How-To* and *What-If* booklets produced by the Scientific and Public Information Department, Roche developed a new series of public service television and radio announcements designed to: (1) provide common sense advice about using medicines wisely; and (2) highlight specific information about the five classes of prescription drugs that the campaign is focusing on. Print advertisements on similar themes appear in major magazines, newspapers, and journals across the country, and are designed to encourage patients to discuss their questions about medication with their doctors and pharmacists.

In addition to the media campaign, Roche has prepared information tools for health care professionals. There is a slide presentation kit with six talks about medicine that are aimed at a lay audience. This kit, based on the *What-If* booklet and the five *How-To* booklets, is available from Roche sales representatives and can be used by health care professionals in talking to community groups. Roche

also provides health care professionals with packets of camera-ready print materials that are based on all six ME booklets. This allows professional societies and organizations to reproduce them with their own logos.

Communicating consistently

Since the purpose of ME is to help patients understand their medicines, Roche undertook the program with the specific intention of providing easily understood information in a positive and refreshing format. Although Roche did not specifically test formats or language, the writing was kept simple by avoiding jargon. Each component carries a common commitment to simplicity which has been the hallmark of ME since its inception.

The *How-To* booklets follow the same format used for the *What-If* booklet. All six booklets are the same size (3 1/2 inches by 6 inches, and 12 pages). The same typeface, similar covers and graphics, and bright colors make the ME materials easy to identify, understand, and remember. Simple questions and answers provide the bulk of the information on medication in each *How-To* booklet. The same distinctive logo has identified the program since it began. Consistency is important.

- Each *How-To* booklet begins with a similar introduction. Here for example, is one from the booklet on antibacterial medication:

  > This booklet, one in a series from Roche Laboratories on widely used types of medications, is about antibacterials (medicines prescribed to fight infections). About **how to** use them properly. About **how to** make certain you get the greatest benefits and avoid any problems from their use....

- Further, each *How-To* booklet contains six "How-To" statements, which are later explained in the booklet's text. Here are the ones from the booklet on antibacterial medication:

  > **HOW TO** Get a Better Understanding of Your Antibacterial Medication
  >
  > **HOW TO** Get the Most Benefit From Your Antibacterial Medicine
  >
  > **HOW TO** Take Antibacterials Properly
  >
  > **HOW TO** Know When Your Antibacterial Medication is Working
  >
  > **HOW TO** Prevent Problems With Antibacterial Medication
  >
  > **HOW TO** Avoid Problems With Leftover Medication

- And finally, each booklet includes a handy list of DOs and DON'Ts, providing the patient with important reminders about medication:

  > **Don't Forget. . . .**
  >
  > - **DO** be sure to carefully follow your doctor's and pharmacist's directions on when, how and how much medicine to take.
  > - **DO** finish all of the medicine as prescribed.
  > - **DO** let your doctor know if you are not feeling better or if you experience any unwanted side effects.

- **DO** check with your doctor or pharmacist to see if it is all right to drink alcoholic beverages while taking an antibacterial.
- **DON'T** offer your antibacterial to others who may have similar symptoms.
- **DON'T** save leftover medication, unless it is so prescribed.

Check with your doctor and pharmacist if you have any questions or concerns. However, remember, the final responsibility for using antibacterials—and all other medicines—properly is *yours*.

Is ME working?

To find out whether the ME message was reaching the target audience, Roche tested the *How-To* booklets with physicians, pharmacists, and patients.

Among the health care professionals who were tested, the majority of physicians (81 percent) and pharmacists (91 percent) considered the booklets very positive, accurate, easy-to-understand, and consistent with the type of information that health care professionals believe their patients should have. Nine out of ten respondents said they would distribute these booklets to their patients, and many felt that their patients would indeed benefit from this information.

Most of the health care professionals who were interviewed believed that these booklets would be a helpful supplement to the information they were communicating to their patients. This is precisely what Roche intended—that physicians and pharmacists would use these booklets as tools to help counsel their patients.

Roche also ran one test with patients who used the *How-To* booklet about tranquilizers. This test revealed a high readership rate. Eighty-four percent of those who received the booklet read at least part of it. Those who read the booklet showed a higher awareness of the need to follow their physician's directions in taking their medication. Fifteen percent felt more confident using their medication; one percent felt less confident; and the rest were unchanged.

Payoffs of the project

- **Another measure of ME's success is the number of requests for booklets that Roche receives from health professionals.** ME booklets are available only on request. As noted, more than 24 million *What-If* booklets were distributed throughout the first phase of ME. During the first nine months of the second phase, Roche received 45,000 requests from health care professionals, resulting in distribution of almost seven million *How-To* booklets.
- **Under a recent policy change, Roche now accepts direct requests from patients; in only four months, more than 20,000 individuals have requested the booklets.**
- **Roche has also received requests from other countries, for permission to translate the ME booklets.**
- **Because Roche is convinced that Medication Education is working, the company is planning still another facet of the program.** Booklets which

provide detailed information about specific Roche products will soon be available for physicians to distribute to their patients. Unlike other ME booklets, these will be available only through physicians and not directly from Roche to patients or consumers. Similar to others in the ME series, these booklets use the ME logo, consistent graphics, bright colors, and easy-to-understand language.

A major goal of ME is to help the public develop realistic expectations of medicines, including their limitations and capabilities in the treatment of disease, as well as to stress patients' responsibility for appropriate use. The end result, Roche believes, will be more effective therapy, fewer adverse reactions, and reduced misuse—in short, better health care and better health.

Materials available

- The *What-If* book
- *How-To* booklets:
  - — *Antibacterial Medication*
  - — *Arthritis Medication*
  - — *Tranquilizer Medication*
  - — *Diuretic Medication*
  - — *Sleep Medication*
- Slide presentation kits:
  - — *Using Medication Wisely*
  - — *Using Antibacterial Medication Wisely*
  - — *Using Arthritis Medication Wisely*
  - — *Using Diuretic Medication Wisely*
  - — *Using Sleep Medication Wisely*
  - — *Using Tranquilizer Medication Wisely*

For single copies, write:

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SECTION B

The Insurance Industry Deals with Plain English

Introduction

The three insurance companies and two trade associations described in these case studies were among the pioneers in the movement, which started in the 1970s, to simplify insurance policies.

As a result of that movement, laws and regulations in 34 states now set standards for easy-to-understand language in certain types of insurance policies. In addition, many companies in other States have voluntarily begun to simplify their policies. This is true for casualty and property insurance, as well as for life and health insurance policies. No other industry sector pays as much attention to plain English.

The experience of the three companies presented here goes back to the mid-1970s; as innovators, all found it necessary to experiment. Sentry Insurance began with an auto insurance policy, developed by an in-house team that included attorneys, marketing specialists, and a writer. They attempted to use an outline format, for clarity and simplicity; when that bogged down, they turned to narrative style. The St. Paul Fire and Marine Insurance Company initially set up an in-house task force of insurance professionals who gave technical guidance to the language simplification consultant hired by the company; the consultant's writing staff drafted the policies. Aetna Life & Casualty, on the other hand, has given each division responsibility for its own plain English project. Each operates independently, working with consultants or using in-house staff, as each situation requires.

The two trade associations' case studies reflect the influence of the industry's concern for customer relations. The Consumer Affairs Committee at the American Council of Life Insurance generated a push from the top among its members. The committee went directly to the chief executive officers of major firms, to get their support for plain English projects. In the case of the Insurance Information Institute, a push from the outside caused the institute to set up a Consumer Affairs Department. Its mission was to develop a positive program to counteract activists' charges that the industry was ignoring consumers' interests.

Both associations' actions resulted in extensive industry attention to plain English projects.

Sentry's Plain Talk® Policies—the Obvious Answer

Sentry's consumer relations project started at the top and went straight to the public, with an opinion survey. The results were clear and dramatic: 89 percent of the people didn't look at their policies because they were too difficult to read.

Background

Insurance is everywhere. It has some influence on almost every person and activity in this country. The insurance business is inherently consumer-oriented on a one-to-one basis. Mainly for those reasons, and with no preconceived notions about simplifying contract language, Sentry Insurance undertook a consumer-relations project in 1974.

It began when Chairman of the Board and Chief Executive Officer John Joanis made a strategic business decision: develop a program to gather information that would be 1) of use to the company; 2) of service to consumers; and 3) of use to the industry as a whole.

One major result of that decision was that nine months later Sentry drafted its first Plain Talk insurance policy and filed it with insurance commissioners across the Nation. This Plain Talk® Car Insurance Policy—and later the Plain Talk® Homeowners Policy—revolutionized the way insurance contracts were written. Many interlocking actions went into the planning for and the drafting of that policy.

Focus on consumers

The Chairman's broad direction was more clearly focused by a group of communications and marketing experts with whom Sentry consulted. First, they decided to conduct a public opinion study of consumers' concerns about insurance. Sentry would go directly to the public: What did people like or dislike about insurance companies? What were some common problems, real or imagined, that consumers had with insurers? What could the industry do to better serve its customers? The concept for the project seemed simple. It made perfect sense that a consumer-oriented enterprise should know what consumers think of it. Sentry was surprised to find that no insurance company or industry association had ever conducted such a study.

Sentry's marketing plans conceivably could be influenced by the study's outcome. Valid results were essential. Sentry commissioned a professional team from the Department of Insurance at the Wharton School of the University of Pennsylvania to help develop the survey materials. Dr. Dan McGill, Chairman of the Insurance Department, directed a group of professors that organized and developed the content for a questionnaire on attitudes about car and homeowners insurance.

The Wharton group looked at insurance companies' experiences and examined related research. They then developed guidelines for topics and issues that were likely to be of concern to consumers. Some of the areas they identified were:

- premium increases
- claims experience
- policy cancellations

The guidelines and research summaries from Wharton were then turned over to the national polling firm of Louis Harris and Associates, Inc. Harris and his staff prepared a consumer survey questionnaire that was technically valid, yet easy for an average consumer to understand. They put the difficult terms and concepts of insurance into easy-to-understand language—a plain English project in itself. Throughout the process of developing the questionnaire, teams from Sentry, Wharton, and Louis Harris exchanged ideas and worked together.

Sentry surveyed more than 2,400 consumers. Each interview lasted about 90 minutes. A few of the questions were:

- "Is it difficult to obtain information about prices different auto insurance companies charge?"
- "Should all drivers be required by the government to carry insurance?"
- "Have you or anyone close to you ever had your insurance cancelled?"

There were also some opinion questions consisting of statements to which people were asked to respond "Agree," "Disagree," or "Not sure." Some of these were:

- "Insurance companies that sell auto and homeowners insurance are so big they no longer care about the individual."
- "Automobile insurance companies are too quick to drop you after an accident."

- "If you don't look at the fine print when you buy an automobile or homeowners insurance policy, you are likely to find you are not covered in an emergency."

Among the study's findings:

- 74 percent of the public felt that "if you don't look at the fine print when you buy insurance, you're likely to find you're not covered in an emergency."
- Only 11 percent of the public turned to their policies to find out what they were covered for, because "policies were too difficult to read."
- Nearly 50 percent felt that "in settling a claim, you might as well get all you can from an insurance company since they'll pay only what they have to."
- 25 percent who had had a settlement felt the insurance company was unfair.

Most of the findings were not surprising. This was the first time, however, that anyone had gone to the trouble to prove what most industry people suspected—the public has a negative image of insurance companies and of the insurance business.

Sentry took the study's findings seriously. In a service industry, management believed, consumers' dissatisfaction must be taken as a warning signal. Changes that were good for the customer would be good for the company. A task force was organized to interpret the study's findings and to take action.

Numerous institutional changes within Sentry resulted from this survey. Sentry established a national claims review board and a customer information center. Other changes improved communications with policyholders; Sentry developed booklets on how to read and understand insurance policies and made a renewed commitment to serve customers.

But additional services and better communications were not enough. The Harris study had shown that almost three-fourths of consumers were wary of "fine print" and almost 90 percent believed they could not understand a policy.

The language of policies became the next target for change.

Incomprehensible but legal

Tradition helped to create complicated policies. Over dozens of years, through hundreds of court cases, standardized policy language had been tested again and again. With case law as a precedent, companies offered policies with terminology that they believed would hold up if challenged in court. Although this was a sound business practice, it did not yield a comprehensible product. The language of current automobile policies bore a striking resemblance to the outdated wording of the first policies that were issued in the late 19th century.

Reading a section of Sentry's automobile insurance policy before it was rewritten shows why consumers were intimidated by the document:

> . . .to the following as insureds: (1) the United States of America or any of its agencies, or (2) any person, including the named insured, with respect to bodily injury or property damage resulting from the operation of an automobile by such a person as an employee of the United States Government

> while acting within the scope of his office or employment, if the provisions of Section 2679 of Title 28, United States Code (Federal Tort Claim Act), as amended, required by such person in any civil action or proceeding which may be brought for such bodily injury or property damage, whether or not the incident out of which such bodily injury or property damage arose has been reported by or on behalf of such person to the United States or the Attorney General.

Clearly consumers were correct. Insurance policies were not understandable. To respond to this problem, Sentry made the most significant decision of its consumer-related project: It would simplify the language in its policies, starting with the automobile policy.

Sentry considered hiring an outside consultant to rewrite its automobile policy. It was a viable option. However, a consultant would need a vast amount of knowledge about insurance. And Sentry had a number of talented people who were eager to have a shot at the rewriting. Once the first policy was completed, an employee team could rewrite other policies or train new teams to do it. Management therefore decided to handle the project internally.

The in-house team consisted of two attorneys (one from claims), a former English teacher turned business communicator, and two marketing/product development specialists.

They had a clear-cut goal: rewrite the auto liability policy in simple terms so that the ordinary car owner could read and understand it. The difficult concept of contractual liability that was expressed in highly technical language—court-tested language—had to be translated into plain, understandable English. Logical organization, short sentences, short paragraphs, and simple words were the keys. Under the team's plan, the communicator would not learn all the legal complexities; rather, he would help the attorneys to write in everyday terms.

It sounded easy, but it wasn't. More than 1,500 hours were invested in the rewriting. The policy was reduced from an imposing 12,000-word document which filled 31 pages with "8-point" type to an understandable 6,500-word policy which filled 23 pages with "11-point" type. In size alone, the Plain Talk Car Policy was a major improvement. The shorter document was inherently easier-to-read and understand.

The pains of drafting

The final document was the product of an arduous process. Just making the policy shorter or setting the print in larger type gave no guarantee of readability or understandability. The real key to the success of the Plain Talk Car Insurance Policy (and subsequently the success of Sentry's many other Plain Talk policies) lies in the document's overall structure. Organization, wording, and the printed format all contribute to understandability.

In its simplest form, an automobile policy deals with people, things, and events. The insurer promises to pay when a certain combination of people, things, and events causes injury to persons or property. Insurers sell promises. Complications and intricacies arise because those promises are restricted through definitions, conditions, and exclusions. These may apply to one or more parts of

the policy. Sentry had to simplify those concepts without diluting their legal standing. A policy's legal viability is crucial in a society where "sue the *x%#*@" is becoming a motto for some consumers.

Sentry adopted an outline format for the new policy. It seemed to provide a useful basic structure. Main headings and subheadings were created to provide a kind of road map for the reader. (This also helped the rewriters tackle the project.)

Since consumers had indicated that they found insurance companies and their policies intimidating, Sentry decided to personalize the policy by using personal pronouns. This also helped eliminate confusion about to whom the sections referred. The insured became "you;" the company became "we," "us," or "our." The word "insured" was used to apply to anyone who was protected under the policy.

Rather than try to rewrite the entire document on the first attempt, the drafters singled out the section on liability coverage. If the new concept and language were perfected for one section, the drafters believed, they could successfully apply the format to the rest.

A good idea fails

The outline format seemed like a good idea, but it did not work well in practical application. Each new term in the outline created a need for an explanation, which often created the need for another heading, and so on, causing added complexity. The new document became unwieldy as the simple road map began to resemble a maze. Personalization and simplification were retained; the outline format was abandoned.

Draft number two was prepared in narrative form. The familiar word "car" replaced "automobile." The drafters retained headings to guide readers and to serve as simple graphic elements to break up long sections of type, but they greatly reduced the number of headings from the initial outline. They made a concerted effort to use simple words and shorter sentences; this produced an easier-to-understand document. Nevertheless, the drafters still had work to do.

Explaining coverage for people other than the one named as the "insured" presented a problem. Explanations of coverage for the main policyholder were becoming complicated by exclusions and conditions that applied to others whose coverage was more limited. Too many unrelated facts cluttered simple statements.

The policy would have to be rewritten a third time. This time, the drafters decided to consider only the named insured. A compact document resulted. It was obviously easier to write a policy concerned with a single interest rather than many. The drafters created a new section called "Protection for Others." "Protection for Others" was not complicated with numerous exclusions or exceptions to coverage that were already granted in the main policy. Instead, an effort was made to define clearly what is covered. Much of the fine print about what isn't covered was removed. This was somewhat of a reversal of the conventional logic of policy writing. A section titled "Those Not Protected" was added to further clarify the policy.

A closer look at the liability section showed that some coverages applied to the entire contract. Rather than repeating these in each section, they were separated and made applicable to the entire policy.

Sacrifice the superfluous

The drafters explained many terms in the simplified text. Consequently, they were able to reduce the number of definitions pertaining to the entire contract. The previous policy, for example, gave definitions for many vehicles—"automobile," "non-owned automobile," "owned automobile," "private passenger automobile," "temporary substitute automobile," "trailer," "utility automobile," and "utility trailer." The new policy recognizes and defines only two vehicles—"car" and "utility trailer." It was possible to eliminate the extra terms by consolidating some definitions and removing superfluous information.

Wording throughout the policy was analyzed. Anything that served a purpose was retained in a simplified or consolidated form. Unnecessary sections were deleted. The overall scope of the policy remained essentially the same as the original, although in some cases, the drafters broadened coverages in order to consolidate terms and simplify language.

Under the Plain Talk Car Policy, for example, all family members can use the insured person's car without permission. They receive the same protection as the policyholder. They can also give others permission to use the car. Those people also are fully covered. Under the old policy, the policyholder's permission was necessary. There was often no way to prove whether a family member really had permission to use a car or not. And settling the permission issue caused family disputes. For simplicity's sake, the coverage was broadened.

In a sense, Sentry was taking a chance. "Better safe than sorry" had been the policy-writer's motto almost since the first coverage was written. Although ever mindful of the legal implications, the new policy was a bold statement. In simple, non-legalistic terms, it was Sentry's insurance promise.

Immediate benefits

Throughout the rewriting process, the policy drafters anticipated that there would be two major, immediate benefits for Sentry and for consumers:

1. The new policy would considerably reduce consumers' fears about the "fine print." (There wasn't any.)
2. Because it would give consumers a comprehensible statement about their coverage, the new policy would reduce the likelihood of customers being disappointed when a claim was settled. Lawsuits and general dissatisfaction should thus be reduced.

To this end, Sentry makes a statement right on the cover of the policy:

> We want you to read your car policy and find out what you bought with your insurance dollar. Now you can.

Based on any assessment, the Plain Talk Car and Homeowners insurance policies are light years ahead of Sentry's old policies in terms of readability or understandability. Compare the following from a Plain Talk Car policy with the section from the old policy (quoted on page 63):

> Anyone protected at the time of a Car Accident by an atomic or nuclear energy liabilty insurance contract isn't protected by this insurance. The reason for this is that by law such policies protect all persons involved in the Car Accident—regardless of who is at fault.
>
> Neither the United States of America nor any of its agencies is protected by this insurance.
>
> Anyone for whom the United States Government may be held responsible under the Federal Tort Claim Act isn't protected by this insurance.

In addition to the new language and organization of the policy, other features of the document aid understanding. A glossary which defines terms is easily accessible. A "contents" page indicates the main sections of the policy. Each section is set off with large headings surrounded by plenty of white space. The type size has been increased from 8 point to 11 point. The graphic design and layout of the policy were developed to make the document a communications tool.

Measurable results

Planning, rewriting, simplifying, and all that white space are wasted if consumers still can't understand Sentry's policies. Aside from asking consumers, there is a good way to determine just how readable the policies are.

For more than 40 years, the Flesch reading ease test* has been a widely used technique for measuring the readability of a piece of writing. (Since the Plain Talk Car Insurance Policy was written, its Flesch scores have become an industry-wide standard.)

The Flesch test was developed by Rudolf Flesch, a scholar and communications expert. It takes into consideration the average number of words per sentence in a document and the average number of syllables per 100 words. A conversion table is then used to give a "reading ease score." Scores can range from 0 (least readable) to 100. Sentry's old policy scored 13.9. The new policy scored 47.9—a dramatic improvement. According to the Flesch score, the Sentry policy is comparable in reading ease to *Harper's* or *Atlantic Monthly* magazines.

The Pennsylvania Insurance Commission applied Flesch's readability standards to various insurance policies and found a range of from minus 2 to 10. By comparison, Sentry's policy was highly readable.

Payoffs of the project

- **Since the first policy was filed in 1975, the Plain Talk Car Insurance Policy has been approved in 44 States**. Sentry does not expect it to be accepted in every State. Some States regulate insurance companies and contracts very narrowly and will not approve the new simplified language. Other States require modifications and amendatory endorsements to approve the policy.

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* *See Appendix 1.*

- **Sentry has also been simplifying other policies**—homeowners; condominium owners; renters; boat and motorcycle owners; and umbrella coverage (large, unexpected loss or liability), as well as Sentry's complete portfolio of 15 individual life insurance policies. Even life agency agreements—the contracts between the company and independent insurance agents to sell Sentry products—qualify for the registered Plain Talk mark.
- **The Plain Talk concept has been so successful that it has set a company-wide standard for clear communications.** And the simplified policies' success has helped to set an industry-wide standard. Consumers are beginning to expect contracts like Sentry's Plain Talk Car Insurance.
- **The majority of State insurance regulators seem to favor the move toward simplification.** Although Sentry's plain English products are not available in every State, the company continues to file Plain Talk policies with State insurance departments. And approvals are mounting. There is a common concern, of course, to make certain that the new policy language will afford consumers the same protection as the traditional language did.
- **The new policies have withstood legal challenges with little change for the past eight years.** As one attorney explained, "It seems the judges look at a plain-language phrase and say, 'That's clearly equivalent to this traditional language.' Then they base their decisions on 100 years of case law or more relating to the traditional language." With convoluted constructions removed, there is usually little doubt about what coverage is granted in the policy.
- **Plain Talk policies have become a great marketing tool.** Agents are enthusiastic about the idea; the policies are clearly different from competitors' policies.
- **Consumers see a real benefit in Plain Talk policies.** As one policyholder wrote, "I don't believe it, but I can now, after 16 years of paying on car insurance, understand my policy."

Overall, the initial consumer study led to a dramatic change in the way Sentry writes personal insurance. There are no exact figures on sales or satisfied customers attributed to the policies, but response has been overwhelmingly positive. Sentry's Plain Talk insurance policies have been used consistently for company promotions. They have even been the focus of commercials the company has run on national TV.

Simply, talking plainly has been good for Sentry.

Materials available

- The Plain Talk® Car Insurance Policy

For a sample copy, and for further information, contact:

Michael Dry
Vice President, Corporate Communications
Sentry World Headquarters
1800 North Point Drive
Stevens Point, WI 54481

The Road to Writing Understandable Life and Health Insurance Policies

American Council of Life Insurance (ACLI) and Health Insurance Association of America (HIAA) Lead the Way

When insurance regulators and legislators signaled their support for language simplification, easy-to-read policies became an industry-wide priority. Within five years, more than 95 percent of the life insurance companies revised their policies.

Background

> "In defining the phrase 'fine print' the *Random House Dictionary* singles out insurance policies for possessing enough limits, restrictions, and just plain gibberish to boggle the reader's eye. It also quotes an age-old warning: 'Make sure you read the fine print before signing.' "

So began an article that recently appeared in the *Journal of Commerce*. It is typical of public commentary regarding all types of insurance policies—full of references to the "fine print" and sincere urging to "read your policy." That's basic advice to any consumer.

The trouble is that an insurance policy is a legal, technical document. It contains a lot of terms that have a precise legal meaning—"incontestability," "beneficiary," "grace period." Insurance companies, and the trade associations to which they belong, have published many brochures that were written to help the public understand these technical terms—as well as everything else in a policy. Many insurance companies have even tried to simplify their policies. This paper traces the road to policy simplification—a relatively new road, built about five years ago and now successfully carrying an increasing volume of traffic.

State regulators take a stand

In June 1978, the National Association of Insurance Commissioners (NAIC), with assistance from the major trade associations for life insurance and health insurance, developed and voted to support a model law entitled "The Life and Health Insurance Policy Language Simplification Model Act."

The NAIC, organized in 1871, is an association of the chief insurance regulatory officials of the 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. One objective of the NAIC is to maintain and improve the State regulations that govern insurance in a responsive and efficient manner. The principal way that the NAIC does this is to develop "model" laws that it believes State legislatures should pass.

The Policy Language Simplification Model Act establishes minimum standards for simplifying the language in life and health insurance policies and certificates to make them easier-to-read.

The main provisions of the Model Act require that:

- The text of the policy achieve a minimum score of 40 on the Flesch reading ease test* or an equivalent score on any other comparable test.
- The policy be printed in 10-point type or larger.
- A table of contents or index be included if the policy is more than three pages or more than 3,000 words.

Because of the difficult and costly burden the NAIC Model Act placed upon insurance companies, it was not intended to become effective immediately after the law was passed in a given State. Companies were given two years to draft *new* policy forms in simple language and five years to redraft *existing* policy forms.

Insurance associations provide support

Shortly after the NAIC approved the Model Act in 1978, ACLI and HIAA, the major national trade associations representing the life and health insurance writing companies, agreed to support the Model Act whenever it was introduced in a State legislature.

In 1979, that policy position was strengthened; the insurance industry agreed to seek the introduction and passage of the legislation on a priority basis. This emphasis by the insurance companies has contributed to the Model Act becoming law in more than half of the States in less than five years.

Model Act succeeds

As of January 1984, the Model Act for life and health insurance (or similar versions) has become law in 27 States. Easy-to-read policies must now be developed in all of these States.

The States that have adopted the Act or some version of it are: Arizona, Arkansas, Connecticut, Florida, Georgia, Hawaii, Indiana, Maine, Maryland, Massa-

* See *Appendix 1.*

chusetts, Minnesota, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, South Carolina, South Dakota, Tennessee, Virginia, West Virginia, and Wisconsin.

Since this list of States contains several of the largest ones, it is reasonable to assume that within the next few years a significant percentage of all newly issued insurance policies will be subject to the NAIC minimum standards. Because an insurance company usually operates in many States, virtually every insurance company that does business in the United States has been affected by the 27 State laws already passed.

The importance of the NAIC Model Act to the process of simplifying the language of insurance policies cannot be overstated. Before 1978 there had been several sincere efforts by individual insurance companies to design and issue plain English policies for life and health insurance. But the number of such efforts had been limited because of the feeling among most insurance authorities that changes in the language of insurance policies could jeopardize the large body of legal interpretations that the courts had built up over the past generations.

It is too soon to tell what effect the courts will have on this public interest project. So far, it does not appear that court decisions have been altered by a policy being in plain language. Development of the Model Act was the first public demonstration by State regulators of insurance companies that they were ready to accept the challenge of simplifying the language of policies. The process could not have begun without the support of state regulatory officials and the active backing of key legislators in the 27 States that have passed some version of the model law.

The road to simplifying the language of insurance policies and to complying with these new State laws was made easier by the development of a detailed *Guide to Writing Understandable Life Insurance Policies* by the Life Office Management Association (LOMA) and the Life Insurance Marketing and Research Association (LIMRA). These are independent organizations which develop educational and marketing materials for the insurance industry. LOMA and LIMRA distributed the guide to every major life insurance company. The guide explained why simplifying policy language was worth the expense and how companies could most easily simplify their policies. The guide also included examples of simplified language, such as the following one about a policy's loan provision:

Before: While this policy has a loan value, the owner may obtain an advance from XYZ Company upon assignment of the policy as sole security.

After: You can get a loan from us on your policy while it has a loan value. The policy can be the sole security for the loan.

While companies were free to develop whatever readable language they preferred, the LOMA/LIMRA guide certainly contributed to the speed with which companies began the conversion process. The "mystery" which had long been associated with simplifying life insurance policies had now been effectively removed.

In May 1980, the ACLI Consumer Affairs Committee recommended that the ACLI actively encourage companies to undertake simplification projects, rather than just passively comply with the new State laws. ACLI took the initiative to go to chief executive officers of member companies, asking them to become directly involved. Further, ACLI asked companies to support the principles of the NAIC Model Act even in those States where there were not yet laws requiring compliance.

Well over 100 chief executive officers took the time to write to the ACLI expressing their personal support of the recommendation made by the Consumer Affairs Committee and giving examples of voluntary steps that their companies had already taken to simplify policy language.

Payoffs for the insurance industry

In July 1982, just four years after NAIC passed the Model Act, ACLI conducted an extensive survey of its 500 member companies on policy language simplification. Based on a 56 percent response rate, the following important facts and conclusions were reached:

- **90 percent of all member companies are now issuing life insurance policies that are "readable" by the standards of the NAIC Model Act.** By the end of 1983 the figure should reach 96 percent.
- **Over 95 percent of all member companies have a standard practice of issuing "readable" policies even where State law does not require it.**
- **Member companies attained an average Flesch reading ease score of over 57.** (The NAIC has established 40 as the minimum standard.)

Unfortunately, the majority of insurance companies responding to the survey could only guess what the benefits of their policy language simplification would be for consumers, agents, and the companies themselves. In most instances this was because they had only recently converted to simplified language. Of those companies that expressed opinions, most did not believe that the number of consumer inquiries or complaints would be reduced with more readable policies. About half thought that more readable policies would improve consumers' understanding of their policies, while half thought that they would have no effect.

But in those situations where policy revision had been underway for several years, companies reported that their new readable policies had been well received by both agents and policyholders. Although there had been no studies to document the benefits of simplified language in insurance policies, a survey done by ACLI is encouraging. In 1975 ACLI surveyed the public and found that 43 percent had great difficulty understanding their policies. When the survey was repeated in 1982, only 33 percent had great difficulty.

Although hard data isn't available, ACLI is optimistic that in time several real benefits will result:

- **Insurance policies written in plain, readable English will meet consumer demand.** In a 1980 survey, ACLI found that consumers who had difficulty understanding life insurance terminology bought at a 54 percent rate. Those who said they had no difficulty bought at a 68 percent rate.

- **The likelihood that a policyholder will keep a policy should increase.**
- **Training should be more effective.** Plain language will be easier for the new agent to understand. Also, experienced agents should feel more confident that they understand the policy and be more optimistic about their ability to explain its coverage.
- **Paperwork will be cut.** Simplified policies are shorter. Companies save assembly time and storage space.
- **The industry hopes litigation will be reduced.**
- **Plain English should improve public relations and the insurance industry's image.**

Materials available

- NAIC Life and Health Insurance Policy Language Simplification Model Act

For single copy, write to:

National Association of Insurance Commissioners
1125 Grand Avenue
Kansas City, MO 64106

For further information, contact:

Vincent W. Donnelly, Actuary
American Council of Life Insurance
1850 K Street, NW
Washington, DC 20006

CASE #10

The History of Plain English at The St. Paul

When The St. Paul committed itself to simplifying every insurance policy, it worked out a modular approach for creating a variety of insurance products. Keeping a consistent style and training in-house writers have been the major problems of this extensive, long-range program.

Background

In 1975, The St. Paul Fire and Marine Insurance Company began a long-range program to improve communications with its policyholders. A major part of this program was to create insurance policies that would be easy-to-read and understand. The St. Paul began this voluntary program before policy simplification was mandated by any State. Since then, close to 30 State legislatures and State insurance regulators have required that certain consumer contracts, including insurance policies, be written in understandable, everyday language.

The St. Paul's early commitment to plain English came from the top down. This was critical to the program's success. Top management had a special and strong interest in simplifying policies.

The company's first serious attempt to simplify insurance was a personal excess liability policy. This was The St. Paul's pilot project. The company retained the communications and design firm of Siegel & Gale to help an in-house task force simplify the policy. After completing this project successfully, the company made a public commitment to continue its simplification efforts, working with the same consultant.

Scope of the project

Making insurance simple wasn't easy. The scope of The St. Paul's project was to simplify all policies. Converting insurance to plain English involved analyzing several thousand policy forms to determine which could be combined or eliminated, and rewriting the text in plain English.

The company made this extensive, long-term commitment to plain English in the belief that customers have a right to policies they can read and understand. Besides, it's just plain good business. The more customers know about their insurance, the more the company saves on the cost of loss adjustments, answering complaints, and writing letters explaining the policies.

The St. Paul's initial approach

An in-house task force composed of insurance professionals from the underwriting, marketing, communications, and claims departments was appointed by the President and charged with developing the program. The marketing division headed the task force, and most of the members were corporate officers.

The approach was to develop simplified insurance forms that could be combined in various ways to create different insurance products. Under this modular concept, the first step was to draft the policy conditions that would be common to all commercial lines of insurance—no small task for a committee. In fact, the first lesson learned by the task force was that drafting by committee is not an effective approach.

What finally worked well was to assign an insurance professional to manage the project at The St. Paul. At the same time, the consultant designated a staff writer in their office to manage the project from their end, supervising all writers drafting forms for The St. Paul. The task force then served in an advisory capacity, providing guidance and approving final drafts. This approach resulted in the most efficient use of resources in both organizations without the delays inherent in committee drafting.

Here's how the process worked:

1. Each form was reviewed with underwriting experts to determine if The St. Paul should make any improvements in coverage before assigning a form to the consultant.
2. When The St. Paul assigned the form to the consultant, the company explained the coverage, how the form would be used, its relationship to other forms, and the specific improvements needed.
3. The consultant reorganized and drafted the form and returned it to The St. Paul.
4. The St. Paul reviewed the draft to make sure it was complete and the insurance coverage accurate. Questions on coverage were referred to the appropriate members of the task force or to other in-house experts.

5. Then The St. Paul's project manager went over the draft line by line on the phone with the consultant's staff writer. The St. Paul's manager explained what the company liked and didn't like, pointed out errors and omissions in coverage, and explained coverage concepts when necessary.

6. The writer made corrections and sent back a second draft.

7. The process was repeated. However, the second time the draft was sent to each task force member for comments. With this method, most forms were completed in three or four drafts.

8. The more complex forms were saved for a periodic editing session at the consultant's office. At these sessions, St. Paul's project manager would meet with all the writers working on the project and hammer out final drafts.

9. The St. Paul then circulated the final draft to the entire task force, giving them a deadline for responding with corrections. Those who did not respond were counted as agreeing with the draft. The task force had final authority to approve the form.

The St. Paul's current approach

After completing the largest of the simplification projects—the multicover policy—the task force advised the company on overall policy for about another year. It developed a master plan and a timetable for simplifying other policies and then disbanded.

As The St. Paul's experience with plain English grew, the company developed its own staff and relied less on outside help. Today the company no longer uses a consultant. Thus, The St. Paul has had to develop a different approach; through trial and error, the company has found that the following method works best.

Forms are assigned to two people: (1) a staff writer who does the drafting and is responsible for seeing that the language, format, and terminology conform to the company's style standards; and (2) an underwriting officer who establishes the coverage specifications and is responsible for final approval of the coverage. They work as a team to complete the form by the deadline both agreed on.

The writers who work on the policies are trained in-house. Their training is based on the style manual that Siegel & Gale, as consultant, originally developed and that The St. Paul keeps up-to-date. New writers read the style manual and then spend several hours going over it with an experienced member of the staff. Training includes an explanation of the computerized form library and the automated form development system. Although The St. Paul tries to hire people with insurance background, the company also sends writers to internal classes on insurance coverages to augment their prior knowledge.

A sample form, developed using the method described above, is shown in Illustration 1, pages 80-86.

Simplification techniques The St. Paul used

In working on the forms with the consultant, a unique St. Paul style and format evolved. Specific graphics and language techniques were used to banish the intimidating look of traditional insurance policies.

Graphics/format. For a friendly, informal look, The St. Paul uses plenty of white space and large, easy-to-read type set in two columns with unjustified right margins. A narrative rather than outline style is used, with lots of bold headings to guide the reader. Information is presented in a logical sequence. This sequence is common to the entire program. The St. Paul tried to eliminate as much insurance jargon as possible by using words with generally common, public meanings. As a result, there are fewer terms to define. These terms are defined right in the text where first used, thus eliminating the need to turn back and forth between the text and a separate definition section.

Language style. For informality and enhanced readability, short sentences are used and, occasionally, sentence fragments. The St. Paul made the forms friendly by using personal pronouns and contractions, and easier-to-read by using active rather than passive verbs.

For example, **before** plain English, a paragraph defining fraud and misrepresentation read—

> 15. **FRAUD AND MISREPRESENTATION.** This Policy and its Insuring Agreements shall be void if the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by the Insured pertaining to this insurance or the subject thereof, whether before or after a loss. However, unintentional errors or omissions on the part of the Insured shall not operate to prejudice the rights of the Insured under this Policy and its Insuring Agreements.

Now the policy reads—

> **Fraud and Misrepresentation**
>
> This policy will be void if you or any other protected person hide any important information from us, mislead us, or attempt to defraud or lie to us about any matter concerning this insurance—either before or after a loss. Of course, everyone makes mistakes. Unintentional errors or omissions won't affect your rights under this policy.

Finally, difficult concepts are clarified by introducing a radical innovation into the conservative insurance industry: Narrative examples are inserted right in the text. These examples are printed in italics. Here are several from the Business Owners Policy:

> **Accounts Receivable Coverage**
>
> **Interest.** We'll cover the interest on any loan you have to take out because you can't collect your receivables and need money while you're waiting for payment of your claim. For example:
>
> *Your records are destroyed and the losses on your accounts are covered by us. You need ready cash to pay the rent, so you take out a short term bank loan. We'll pay the interest on the loan.*

Extra collection costs. We'll cover extra collection costs, over and above your normal costs, that are necessary because of loss or damage to your covered records. For example:

Your billing is usually handled by your bookkeeper and one assistant. Your records were damaged when a tornado swept through your building. Because they're having trouble straightening things out, you hire a temporary assistant to help get the bills out. We'll pay the salary of the assistant.

Readability tests. The aim is to create insurance policies that are easy for customers to read and understand, rather than to meet a minimum score on a readability test. However, The St. Paul does test all forms because most State readability laws require a minimum score of 40 on the Flesch reading ease test.* Most St. Paul forms score between 50 and 60. This article scores 56.

Problems

Consistency. To help maintain these revised insurance forms and to continue the program, The St. Paul enlarged its staff. Siegel & Gale helped train new staff members. As new people came into the project, both at St. Paul and at the consultant, it became more and more difficult to maintain consistency in style, format, and terminology.

Consistency is critical to keeping the modular forms interchangeable. To combat this problem, the company developed a style manual to serve as a standard and as a tool for training new people. This has helped but has not completely eliminated the problem.

In fact, the most difficult task of managing the simplification project has been to maintain a consistent style, format, and terminology over an extended period of time, using different writers. This was compounded by the need to stay flexible enough to recognize and adopt improvements and not stifle the staff's creativity or the style's evolutionary growth. The computer has been the most helpful tool in maintaining consistency.

Selection and training. The second most difficult task is the selection and training of new writers. Finding people with both writing skills and insurance knowledge is almost impossible. The St. Paul has been more successful at teaching insurance people to write than at teaching writers about insurance.

* *See Appendix 1.*

Where do we go from here?

Over the years both the style and the staff have continued to evolve and mature. The company now has more than 500 commercial policy forms in print that are written in plain English. Over 75 percent of The St. Paul's business is written on plain English policies. When the project began, there were 10,000 forms; when all revisions are finished, this total should be cut to 1,000. The staff of six full-time people handles all development of new forms, as well as maintenance—updating forms to accommodate changes in laws, to improve coverage, and to react to change by competitors. The production process for forms has been fully automated, from first draft to camera-ready copy. The next step will be to merge the variable data that personalizes a policy with the fixed form text from the computerized library forms and to print the complete policy on a laser printer.

Payoffs of the project

For The St. Paul, plain English has definitely improved productivity. Here are some of the ways:

- **The simplified modular forms and automated form library make it easier, quicker, and less expensive to create and bring new products to market.**
- **The claim and underwriting instructors have found that simplified forms are easier and quicker to explain to trainees.**
- **The company's early start with simplified policies provided a leg up on the industry when States began mandating plain English policies.** The St. Paul's policies more than meet the new standards in the State laws that have been passed recently. Another benefit of the company's policy simplification program is that it is easier for State regulatory agencies to judge the forms, so they can approve them more quickly.
- **At a time when the insurance industry is increasing its efforts to automate, The St. Paul has found that simplified policies are easier and less expensive to automate.**

In addition to gains in productivity, The St. Paul has found that its plain English policies encourage a view among customers, agents, and other insurance companies that the company is innovative, creative, and forward looking. Although there has been no research to determine what customers think about The St. Paul's plain English forms, customers' comments in letters have been positive.

Materials available

- Sample kit of plain English forms

To obtain copies, and for further information, contact:

John D. Horton, CPCU
Manager, Forms Simplification
St. Paul Fire and Marine Insurance Co.
385 Washington Street
St. Paul, MN 55102

Illustration 1: Sample Form.

GENERAL LIABILITY BROADENING ENDORSEMENT

St Paul

This endorsement changes your:

- ☐ Comprehensive General Liability Protection
- ☐

S-A-M-P-L-E

Table of Contents	Page
How Your Coverage Is Changed	1
Personal Injury and Advertising Injury Coverage	1
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Incidental Medical Services Coverage	6
Host Liquor Liability Coverage	6
Broad Form Property Damage Coverage	6
Other Terms	7

How Your Coverage Is Changed

Your General Liability Protection is broadened by adding some coverages and changing some exclusions. However, this endorsement only applies to accidental events or interferences with someone's rights that happen while this endorsement is in effect.

Personal Injury and Advertising Injury Coverage

We'll pay amounts you and other protected persons are legally required to pay as damages for covered personal injury or advertising injury claims resulting from your business activities.

Personal injury means any of the following types of interference with someone's rights.

1. False arrest, detention or imprisonment, or malicious prosecution. For example, malicious prosecution would be harming someone by knowingly starting a lawsuit without having any real cause to sue.

2. Libel, slander, defamation or other written or spoken statements which violate an individual's right of privacy. For example, defamation includes harm caused to someone's character or reputation by written or spoken statements.

3. Wrongful entry, wrongful eviction, or other invasion of the right of private occupancy. For example, an invasion of the right of private occupancy would be in-

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Illustration 1 (continued)

terfering with someone's right to occupy property undisturbed.

Advertising Injury means any of the following types of interference with someone's rights resulting from any advertisement, advertising or publicity article, broadcast or telecast.

•Libel, slander or defamation.
•Violation of the right of privacy.
•Piracy.
•Unfair competition.
•Infringement of copyright, title or slogan.

Limit Of Your Personal Injury And Advertising Injury Coverage

The most we'll pay for all personal injury and advertising injury claims covered under this endorsement is equal to the each accidental event limit that applies to your General Liability Protection for:

•bodily injury, if you have separate limits; or
•bodily injury and property damage combined, if you have a combined limit.

This limit is shown in the General Liability Coverage Summary. It applies no matter how many protected persons are involved, how many persons or organizations are injured, or how many claims are made. However, if your General Liability Protection is issued for more than one year, the limit applies separately to each policy year.

Exclusions - Personal Injury or Advertising Claims We Won't Cover

Employment-related claims. We won't cover personal injury claims made by anyone because of personal injury related to his or her employment by you or application for employment with you.

False statements. We won't cover personal injury or advertising injury claims that result from statements made by or for any protected person:

•about any organization or its goods, products or services; or
•in violation of an individual's right of privacy;

when the statements are known to be false.

Prior statements. We won't cover personal injury or advertising injury claims that result from statements (or the first of statements) made before this endorsement went into effect.

Contract liability. We won't cover personal injury or advertising injury liability assumed under any contract or agreement.

Deliberately breaking the law. We won't cover personal injury or advertising injury claims that result if you or any other protected person knowingly breaks any criminal law. Or if someone else breaks such a law with the consent or knowledge of a protected person.

Advertising claims. We won't cover advertising injury claims brought against any protected person who is in the business of advertising, broadcasting, publishing or public relations. Nor will we cover advertising injury claims that result from:

•failure to perform your obligations under a contract. (But this exclusion won't apply to the unauthorized appropriation of ideas based on alleged breach of an implied contract.)

•infringement of trademark, service mark or trade name by using any of them on or with the goods, products or services you sell, advertise, or offer for sale (But this exclusion will not apply to infringement of titles or slogans.);

•incorrect description of goods, products or services;

•mistakes in the advertised price of goods, products or services;

•acts committed with intent to harm.

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Illustration 1 (continued)

St Paul

Mental Harm Coverage

The term "bodily injury" as used in your General Liability Protection is expanded to cover mental harm, mental anguish or mental illness whether or not there has been physical harm or illness.

Extended Bodily Injury Coverage

The term "accidental event" as used in your General Liability Protection is expanded to cover any intentional act by or at the direction of any protected person that results in bodily injury solely from the use of reasonable force while preventing or removing a danger to people or property.

Medical Expense Coverage

Even if you aren't legally responsible, we'll pay up to $1,000 for first aid and medical expenses of each person who sustains bodily injury in an accidental event. However, no matter how many claims result from one event, we won't pay more than your policy's each accidental event limit.

You may have coverage for medical payments under one or more agreements in this policy. If you do, the most we'll pay is the highest limit of coverage you have.

The event must happen at your place of business and result from a condition of your premises or arise from some activity related to your business. For example:

It's rained most of the morning. Your secretary takes an umbrella along to the post office to purchase stamps. While rounding a corner, your secretary's umbrella accidentally pokes a pedestrian's shoulder. The pedestrian, knocked off balance, falls to the sidewalk. Since your secretary was on business when the accident occurred, we'll cover medical expenses the injured pedestrian may have up to $1,000.

We'll cover reasonable expenses for necessary medical, surgical, x-ray and dental services, and for artificial limbs and organs. We'll also pay for necessary ambulance, hospital and professional nursing services and for funeral services. To be covered, these expenses must be incurred within one year of the accidental event.

People Whose Medical Expenses Aren't Covered

We won't cover medical expenses of any of the following people:

- You or your partners.
- An employee of yours or your partners, if the employee is injured in the course of his or her employment by you.
- A tenant who lives on your premises or employees of such tenants who are injured in the course of their employment by the tenant.
- Any tenant or any employee of a tenant who is injured on the part of the premises rented from you.
- Employees of such other tenants who are injured in the course of their employment and on the part of the premises their employer rents from you.
- Any person who builds new structures or who repairs, maintains or demolishes any structure on your property or adjacent roads.
- Any person to whom benefits are payable or for whom benefits are required to be provided under a workers' compensation, unemployment compensation, disability benefits or similar law.
- Any person practicing, teaching or taking part in physical training, a sport or an athletic activity or contest.

Illustration 1 (continued)

St Paul

Medical Reports And Examinations

The injured person must do several things before we will pay a claim. These are:

•give us written proof of the claim as soon as possible;

•make the claim under oath at our request;

•give us authorization to obtain copies of medical reports and records;

•be examined by doctors of our choice as often as we may reasonably request.

We will pay for such examinations, but these payments will be treated as part of the limits of coverage.

The fact that we make payments to an injured person for these services doesn't mean you've admitted responsibility for the injury.

Exclusions - Medical Expense Claims We Won't Cover

All of the exclusions that apply to your General Liability Protection apply to this coverage. The following exclusions also apply.

Medical services you provide. We won't cover expenses for medical services provided by any protected persons; their employees; or any person or organization under contract to you to provide such services.

Work by independent contractors. We won't cover medical expenses for injury caused by work done for you by any independent contractor. But this exclusion won't apply to maintenance and repair of your insured premises. Nor will it apply to structural alterations at insured premises that don't change the size of a structure or involve moving of a structure.

Recovering Damages From A Third Party

The Recovering Damages From A Third Party section of the General Rules doesn't apply to this medical expense coverage.

Additional Protected Persons

The Who Is Protected Under This Agreement section of your General Liability Protection is changed by adding the following.

Spouse Of A Partner

If you are a partnership, spouses of partners are protected against claims resulting from conducting your business as a partnership.

Employees

Your employees are protected while they are working for you within the scope of their duties.

Limitations on employee protection. We won't cover your employees for the following:

•Claims for bodily injury or personal injury to a fellow employee occurring on the job.

•Claims for personal injury or advertising injury to you; a protected partner or co-venturer; or the spouse of any of these protected persons.

•Claims for damage to property owned, rented, occupied, used or physically controlled by you; a fellow employee; a protected partner or co-venturer; or the spouse of any of these protected persons.

This employees protection section doesn't apply to your executive officers because they are specifically protected in the corporation protection section above.

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Illustration 1 (continued)

St Paul

Newly Acquired Organizations

The Who Is Protected Under This Agreement section of your General Liability Protection is changed by adding the following.

Newly acquired organizations. We'll protect organizations that you newly acquire or form in which you maintain ownership or majority interest. To be covered these organizations must be acquired or formed while this endorsement is in effect. We'll protect them for 90 days from the date you acquire them. However, we won't protect a joint venture unless it is named in the Introduction.

Other insurance for newly acquired organizations. If a newly acquired or formed organization is covered for bodily injury, property damage, personal injury or advertising injury claims under any other policy, the coverage provided by this endorsement does not apply, nor does this coverage apply as excess.

Limited Worldwide Liability Coverage

The Where We Cover section of your General Liability Protection is extended as follows:

- If you are permanently headquartered in the United States of America, we also cover accidental events that take place anywhere in the world that result from your business activities while a protected person is temporarily outside the United States of America.
- If products are covered, we'll also cover accidental events that are caused by one of your products sold anywhere in the world.

But we only cover all of the above types of events if the original suit is brought within the United States of America, its territories or possessions, Puerto Rico or Canada.

Tenant's Fire or Explosion Liability Coverage

If your General Liability Protection provides property damage coverage, we'll protect you for property damage claims caused by fire or explosion to that portion of property that you rent or lease. But this is so only when you or other protected persons are legally at fault for the damage. We won't cover damage to such property when it isn't any protected person's fault, even if responsibility for the damage has been assumed under a contract or agreement. For example,

You rent office space in another building. Your lease makes you responsible for all damage caused by fire or explosion to your office even though you're not to blame.

Suppose your employee carelessly throws a lighted match into the wastebasket. We'll pay up to the limit of coverage for the fire damage you're legally responsible for because of the carelessness.

But, if through no fault of yours, the furnace explodes and starts your premises on fire, we won't pay for the damage even though your lease makes you responsible for it.

Limit Of Coverage

The most we'll pay for covered tenant's fire or explosion claims is $50,000 for each accidental event, no matter how many protected persons, property owners or claims are involved.

Exclusions - Tenant's Fire or Explosion Claims We Won't Cover

Only the "Nuclear energy liability" exclusion in your General Liability Protection applies to this coverage.

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Illustration 1 (continued)

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Incidental Medical Services Coverage

We'll cover claims for bodily injury that result when a physician, dentist or nurse you employ provides or fails to provide professional services. But we won't protect the doctor or nurse against malpractice claims.

The "Employer's liability" exclusion in your General Liability Protection does not apply to this coverage.

Host Liquor Liability Coverage

If you aren't in the liquor business, we'll cover claims for bodily injury or property damage that result when you or someone acting for you serves or gives away alcoholic beverages. This includes claims for loss of support due to bodily injury. By liquor business we mean the business of manufacturing, distributing, selling or serving alcoholic beverages.

Broad Form Property Damage Coverage

If your General Liability Protection provides property damage coverage, this section expands your protection against certain property damage claims. The "Control of property" and "Damage to your products or work" exclusions in your agreement are replaced by the following:

Control of property. We won't cover damage to any of the following:

1. Property any protected person owns, rents, occupies or holds for sale or safekeeping.

2. Property any protected person controls which is to be installed, erected or used in construction.

3. Tools and equipment while any protected person is actually using them to do work.

4. Property on your premises or premises of any other protected persons for the purpose of being worked on by you or on your behalf.

5. Premises you've sold or transferred to someone else.

However, we will cover the above described property you use or control that you've assumed liability for under a written sidetrack agreement. We'll also cover damage caused by an elevator on your premises to property of others that you control. But we won't cover damage to the elevator itself.

6. A particular part of property you or others working for you may work on while away from premises owned or rented by you. This includes the following:

•***Property being worked on.*** We won't cover damages to the particular part actually being worked on at the time of the accident if the damage results from the work itself while the work is still going on.

•***Source of damage.*** We won't cover damage to the particular part out of which the damage arises.

•***Faulty workmanship.*** We won't cover repair or replacement of the particular part because of faulty workmanship.

Damage to your products or work. We won't cover damage to your products caused by the product itself or by any of its parts. For example, we won't cover damage to an air conditioner that occurs because you improperly manufactured it.

Nor will we cover damage to your work or work done for you that's caused by the work itself or by materials or equipment connected with it. But, if your General Liability Protection provides completed work coverage, this exclusion won't apply to claims for the following:

•Damage to any completed work which results from work done for you by others. For example:

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Illustration 1 (continued)

St Paul

You construct a building as a general contractor. Some of the work is done by you while the rest is done for you by subcontractors. Later, after the building is accepted by the owner, it is damaged by a fire caused by faulty electrical wiring installed by a subcontractor. You're covered for the damage to any of your completed work and the completed work done for you by subcontractors.

•Damage to the completed work of others which results from work done by you. For example:

You construct a building as a general contractor. Some of the work is done by you while the rest is done for you by subcontrators. Later, after the building is accepted by the owner, it is damaged by a fire caused by faulty electrical wiring you directly installed. You're not covered for the damage to any of your completed work, but you are covered for damage to the completed work of subcontractors.

When we consider work to be completed is explained in the Limits of Coverage section of your General Liability Protection.

Other insurance for property damage. Additional protection provided by the Broad Form Property Damage Coverage section of this endorsement is excess over any valid property insurance on which you can collect. We won't pay until all Builder's Risk, Fire, Extended Coverage, Installation or similar coverages, including any deductibles, have been used up.

Other Terms

All other terms of your policy remain the same.

CASE #11

Aetna Life & Casualty's Corporate Plain English Programs

By using varied resources—outside consultants, trade association guidelines, market research, and knowledgeable staff—Aetna has consistently raised its policies' Flesch scores.

Background

In response to needs that consumers have expressed and the growing interest by a number of State legislatures, each of the three insurance divisions at Aetna Life & Casualty has been taking steps since the mid-1970s to simplify the language of its insurance policies.

In the past, writers of insurance policies tended to express the provisions of the coverage in language that was identical to, or closely matched, that of court decisions or other legal judgments about the coverage. This practice, it was believed, would avoid any misunderstanding or misinterpretation of what was or was not covered. In recent years, however, a need for better consumer understanding led to a new approach of making the wording simpler and easier-to-read.

Aetna has simplified more than 50 individual coverage policies, complying with the requirements of the States that now call for certain insurance policies and related documents to meet minimum readability standards. As one example in casualty-property insurance, 28 States now require personal auto and homeowners policies to meet certain Flesch reading ease test* standards. They are: Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Indiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Virginia, West Virginia, and Wisconsin.

Working independently, each Aetna division has used the Flesch reading ease test and other State requirements to measure the readability of policies. At present, States that specify the Flesch test require insurance documents to score between 40 and 50 on the test. The Flesch test takes into account sentence and word length. Other requirements relate to variables such as print size, spacing, and paragraph length. The Flesch test and other requirements can be used to determine the clarity of most business documents.

Each Aetna division has handled simplification thoroughly and with measurable success. Each division has acted independently working on its own products and using its own resources. Outside consultants and the Insurance Service Office, a major trade association of the casualty insurance industry, have contributed importantly to Aetna's effort. As a result, customers presently benefit from insurance policies and other documents which are shorter, more readable, and easier-to-understand than earlier Aetna documents.

Following are three examples of Aetna's simplification initiatives; two deal with casualty-property insurance, and the third with group health insurance.

See Appendix 1.

Personal auto policy

Aetna's Personal Financial Security Division has simplified many policies, putting particular emphasis on the order in which information is presented and on print size. One example of these efforts is Aetna's revised Personal Auto Policy; Aetna has also revised its Homeowners, Valuable Items, Boat, and Recreational Vehicle policies.

Working with the Insurance Service Office, Aetna combined several auto policies into a single package with various coverages for different customer needs. Aetna revised these policies by using simple language instead of legalese and by eliminating unnecessary information. The resulting auto policy was about half the size of the original and earned a 40 on the Flesch test. Aetna began to issue it to customers in a large number of States in 1976.

Since then, in-house staff have made further revisions. Changes have included additional punctuation, shorter paragraphs, a better highlighted table of contents (see Illustrations 1 and 2, pages 90-91), outlines, narrower columns, artwork, and color. These have all been valuable modifications that have further improved readability. The current personal auto policy has a Flesch score of 50 and meets the readability requirements of all States that have them.

Business-owner policies

Recently, Aetna's Commercial Insurance Division has started to simplify a group of commercial casualty-property policies that are aimed primarily at small- and medium-size businesses and manufacturers.

Using knowledgeable staff members who are familiar with trade association procedures for simplification, the division was able to begin its simplification process even before new State laws required the insurance industry to take action. This process is still continuing; Aetna staff members involved in this effort include writers of policies, attorneys, and graphics specialists. In addition, the division is simplifying other commercial policies along guidelines set out by trade associations. The division's goal is to finish simplifying at least one of the major policies in this group by March 1984 and to earn a score of 55 on the Flesch test.

Employee benefits explanation booklet

Companies that purchase group health insurance coverage from Aetna's Employee Benefits Division receive a master policy. Aetna also provides companies with individual booklets explaining the coverage; these are designed to be distributed to each employee.

In the past, the employee booklets were difficult to read and understand. An early version of Aetna's employee booklet scored only 37 on the Flesch test. With the aid of outside consultants, Aetna undertook an accelerated program to produce a replacement with simplified wording. The revised booklet, with a Flesch score of 50, became available in 1980.

In late 1981, Aetna hired a marketing research firm to conduct a survey of the booklet among Aetna's own employees and managers. The purpose was to obtain feedback on further steps that Aetna should take in simplifying its materi-

als. The results showed that the design of the booklet and easy access to information—for example, liberal use of subheads and a helpful table of contents—were as important to understanding the booklet as was the language itself. Based on that knowledge, work began on new revisions, such as the development of a more descriptive table of contents.

Over the past two years, Aetna has continued to test these additional revisions, using both the Flesch test and another rating instrument based on one developed by General Motors. Changes that Aetna developed as a result of these tests have been incorporated in an updated employee booklet which is being distributed to Aetna's clients.

Payoffs of the project

Although Aetna's divisions have contributed much time and energy to plain language, unfortunately there has not been much feedback yet. This is partially because changes have been relatively recent and also because many changes are not obvious at first glance. Moreover, because of a long-standing custom of using legal language in policies, the truth is that insurance policies were indeed the Nation's "least read best sellers."

Nevertheless Aetna's experience indicates that a plain English project is practical and would be of benefit to consumers. These benefits have become apparent:

- **In-house attitudes have become more flexible.** Although explicit opposition to plain language was not a serious problem at Aetna, changes in policy language have required fundamental changes in thinking. Current thinking is that, in addition to being legally sound, a policy should be written in language that the consumer can readily understand and feel comfortable with. The transition process has been eased greatly through in-house development by people who are sensitive to the meaning of policies, open to compromise, and willing to proceed gradually.
- **Conflict resolution may be easier in the future.** The possibility of litigiation is always a consideration. Previous policies have withstood judicial rulings. New policy language, undoubtedly, will provoke new debate. However, plain language should make future conflicts easier to resolve, saving all parties time and money.
- **Consumers will be better served if the language describing the protection they buy is more readable and easier-to-understand.** While State laws and industry requirements must be considered, the real importance of simplifying policies lies in this marketplace benefit that accrues to consumers.

For further information, contact:

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Director, Corporate Communications
Aetna Life & Casualty
151 Farmington Avenue
Hartford, CT 06156

Illustration 1: Aetna's revised Personal Auto Policy begins with this Table of Contents.

YOUR PERSONAL AUTO POLICY QUICK REFERENCE

	Begins on PAGE
DECLARATIONS PAGE • Your Name and Address • Your Auto or Trailer • Policy Period • Coverages and Amounts of Insurance	
AGREEMENT	1
DEFINITIONS	1
PART A — LIABILITY COVERAGE • Insuring Agreement • Supplementary Payments • Exclusions • Limit of Liability • Out of State Coverage • Financial Responsibility Required • Other Insurance	2
PART B — MEDICAL PAYMENTS COVERAGE • Insuring Agreement • Exclusions • Limit of Liability • Other Insurance	5
PART C — UNINSURED MOTORISTS COVERAGE • Insuring Agreement • Exclusions • Limit of Liability • Other Insurance • Arbitration	6
PART D — COVERAGE FOR DAMAGE TO YOUR AUTO • Insuring Agreement • Transportation Expenses • Exclusions • Limit of Liability • Payment of Loss • Appraisal • No Benefit to Bailee • Other Insurance	8
PART E — DUTIES AFTER AN ACCIDENT OR LOSS • General Duties • Additional Duties under Uninsured Motorists Coverage • Additional Duties under Coverage for Damage to Your Auto	11
PART F — GENERAL PROVISIONS • Policy Period and Territory • Premium • Changes • Legal Action Against Us • Transfer of your Interest in This Policy • Our Right to Recover Payment • Termination • Two or More Auto Policies • Bankruptcy	11

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Illustration 2: Aetna's original Automobile Policy began with this page, which lacked a formal table of contents.

Ætna
LIFE & CASUALTY

POLICY PROVISIONS — SECTION I

The Ætna Casualty and Surety Company

(A stock insurance company, herein called Ætna Casualty)

In consideration of the payment of the premium, in reliance upon the statements in the declarations made a part hereof and subject to all of the terms of this policy, agrees with the Insured named in the declarations as follows:

PART I — PROTECTION AGAINST LIABILITY,
— MEDICAL EXPENSE AND UNINSURED MOTORISTS
and
— ACCIDENTAL DEATH BENEFIT

LIABILITY COVERAGE

ÆTNA CASUALTY will pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of bodily injury or property damage, arising out of the ownership, maintenance or use of an owned automobile or a non-owned automobile, and ÆTNA CASUALTY shall defend any suit alleging such bodily injury or property damage and seeking damages which are payable under the terms of this policy, even if any of the allegations of the suit are groundless, false or fraudulent; but ÆTNA CASUALTY may make such investigation and settlement of any claim or suit as it deems expedient.

Supplementary Payments

ÆTNA CASUALTY will pay, in addition to the applicable limits of liability:

(a) all expenses incurred by Ætna Casualty, all costs taxed against the Insured in any suit defended by Ætna Casualty and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before Ætna Casualty has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of Ætna Casualty's liability thereon;

(b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the Insured because of accident or traffic law violation arising out of the use of an automobile or trailer insured hereunder, not to exceed $250 per bail bond, but without any obligation to apply for or furnish any such bonds;

(c) the Insured's expenses for first aid to others at the time of an accident involving an automobile or trailer to which the Liability Coverage applies;

(d) reasonable expenses incurred by the Insured at Ætna Casualty's request, including actual loss of wages or salary (but not loss of other income) not to exceed $25 per day, because of his attendance at hearings or trials at such request.

MEDICAL EXPENSE COVERAGE

ÆTNA CASUALTY will pay all reasonable medical expense incurred within one year from the date of accident for bodily injury caused by accident and sustained by:

(1) the named Insured or a relative
  (a) while occupying the owned automobile,
  (b) while occupying a non-owned automobile, but only if such person has, or reasonably believes he has, the permission of the owner to use the automobile and the use is within the scope of such permission, or
  (c) through being struck by a highway vehicle;
(2) any other person while occupying
  (a) the owned automobile, while being used by the named Insured or by any other person with the permission of the named Insured, or
  (b) a non-owned automobile, if the bodily injury results from
    (i) its operation or occupancy by the named Insured, or
    (ii) its operation or occupancy by a relative, provided it is a private passenger automobile or utility trailer,

  but only if such operator or occupant has, or reasonably believes he has, the permission of the owner to use the automobile and the use is within the scope of such permission;

provided that no such payment shall be made unless the person to or for whom such payment is made shall have executed a written agreement that the amount of such payment shall be applied toward the settlement of any claim, or the satisfaction of any judgment for damages entered in his favor, against any Insured because of bodily injury arising out of any accident to which the Liability Coverage applies.

ACCIDENTAL DEATH BENEFIT COVERAGE

ÆTNA CASUALTY will pay the accidental death benefit stated in the declarations in the event of the death of the named Insured which shall result directly and independently of all other causes from bodily injury (other than sickness or disease or death resulting therefrom), caused by accident and sustained by the named Insured while occupying an automobile or through being struck by a highway vehicle, if death occurs within 90 days of the accident.

CASE #12

The Insurance Information Institute's Consumer Information Brochures

Consumer activists were attacking the insurance industry as being unresponsive to consumer needs. Research showed that consumers' top priority was useful information in simple, easy-to-understand language.

Background

At the beginning of the 1980s the Insurance Information Institute (III) took major steps to broaden the scope of its communications activities. In taking the initiative, the Institute sought to develop an active program, reflecting the changing conditions that affected the property and casualty insurance industry.

The launching of a Consumer Affairs Department within the Planning and Issues Analysis Division was a key element in improving communications. The department was given responsibility for conducting a comprehensive program to identify consumers' interests in property and casualty insurance and to help consumers understand more about insurance principles and practices.

Timing and strategy were important for the new Consumer Affairs Department. The president of the Institute had placed the consumer unit in the Planning and Issues Analysis Division with the charge that it should help identify emerging trends and use information from consumers to help suggest future policies and develop long-range plans. At that time, consumer activists were scrutinizing the insurance industry and attacking it as being unresponsive to consumer needs; a new group, the National Insurance Consumer Organization, was formed in October 1980. Thus it became more essential than ever for III to move quickly, finding practical and effective ways to communicate with insurance consumers.

Finding out what consumers wanted

As a public affairs, fact-finding, and educational organization for the property and casualty insurance industry, the Institute recognized that different groups of consumers need different kinds of information. To identify the kinds of activities the industry should undertake, the Consumer Affairs Department conducted a survey of leaders of local, State, and national consumer organizations, using open-ended and multiple-choice questions. The questionnaire listed service projects the Institute was considering and asked respondents to rank them. One of their highest priorities was easy-to-read information.

Information from this survey was useful in forming a program for the first year. It led to pamphlets, consumer/industry dialogs, and a hotline. The Consumer Affairs Department began by developing a new series of brochures; the first two covered auto and tenants insurance. Auto insurance was chosen as the first topic because many people buy it, it is expensive, and it generates many questions. The pamphlet on tenants insurance was developed next because there was no available information for consumers on this topic. These brochures became a core element of the Institute's new consumer affairs program.

The consumer/insurance industry dialog initiated by III during that first year confirmed that the new brochures were a needed service. In these sessions, consumer leaders emphasized that they expect the insurance industry to provide free, easily accessible information about its products, services, and policies.

Since 1980, the Consumer Affairs Department has held 12 dialogs in major metropolitan areas. Through these small sessions the department has obtained a first-hand reading of the consumer movement. For each session the local field office of III invited six consumer leaders, six industry representatives, and a representative of the State insurance department. Consumers stated clearly that they looked to insurance companies, rather than the State and Federal governments, for information about the industry.

Issues that had to be resolved

Before developing the brochures, III staff and management discussed and decided certain policy issues.

Target audience. The brochures were aimed to meet the needs of average consumers. This decision was based on the thinking of Hans Thorelli, a professor at Indiana University, whose 1977 book *Consumer Information Systems and Social Policy* identified two groups of consumers, "information seekers" and "average consumers." His thesis holds that information seekers are very active in locating information, asking questions, and becoming well informed. Average consumers, on the other hand, sometimes lack either the skills or the willingness, or both, to seek out information. While III anticipated that information seekers would probably appreciate the time saved by using the booklets, the Institute believed that its major responsibility was to the much larger group of average consumers.

Complexity. The complexity of insurance language has long created problems for consumers. The plain English brochures were designed specifically to eliminate as much of this complexity as possible without sacrificing accuracy of content. Managers from various divisions within the Institute negotiated to find the right balance for each aspect of insurance. The easy-to-read brochures include information consumers need in order to make wise decisions, but the content is clear and concise.

Distribution. In considering how to distribute the materials, the Institute's management decided to make the brochures widely available and to encourage consumer organizations to order them in bulk. As a result, the brochures enjoy the credibility which comes from having well-known citizen organizations and leaders in local communities distribute the industry-sponsored materials.

Producing the information

The Institute's series of five plain language brochures covers automobile insurance, homeowners insurance, tenants insurance, home security, and household inventories.

Developing bilingual brochures. The Institute printed several million copies in both English and Spanish and publicized them widely in both the broadcast and print media. Special news releases were prepared, in both languages, and were sent to consumer reporters and editors throughout the United States; III's Director of Consumer Affairs conducted extensive media tours to promote the brochures. The Institute chose to produce the materials in Spanish as well as English because the 1980 U.S. Census indicated that the Hispanic community is the fastest-growing minority segment of the U.S. population. The brochures were translated by an independent firm which used a team of three translators— a Columbian, a Puerto Rican, and a Cuban. Their goal was to create a text that was understandable to various Spanish-speaking groups and offensive to none.

Responsibility for the project. The Consumer Affairs Department of the III developed and published the plain English brochures. The brochures were written by the Director of Consumer Affairs, who was advised by a committee of consumer affairs directors from III's member companies.

The project also involved the Field Services and Publications Divisions. Staff members in the Institute's 11 regional offices, located in major cities throughout the United States, asked local consumer leaders to review drafts of the brochures, and provided valuable feedback. The Publications Division handled printing and warehousing of the brochures.

Simplification techniques. The Institute kept the brochures simple mainly by adopting the viewpoint of the consumer in search of information rather than attempting to explain insurance from an industry perspective. From III's consumer/industry dialogs, III staff had learned that even consumers who are sophisticated about other products are not always as sophisticated about insurance. Therefore, the brochures encourage consumers to ask their agents questions and to take an active role in keeping their coverage in tune with their own personal financial situations.

An art director played an important role in simplifying the brochures. The artist was involved early in the development and design of the materials. She was charged with making illustrations both attractive and truly functional. Illustrations were planned to show the kinds of incidents that can lead to insurance claims. For example, *Home Security Basics* contains the illustration and text shown on page 96 to remind people to stop deliveries when going on vacation.

In designing graphics and layout, III always focused on the needs of the target audience and the purpose of the series. To keep the brochures simple and easy-to-read, staff often cut the copy so that the typeface could be as large as possible.

Format. The five brochures which resulted are:

- fold-outs that use one to four folds
- brief (Details in text are sometimes sacrificed to make room for functional artwork.)
- written at a fifth-grade reading level
- printed in 10-point type.

Promotion. After the brochures were produced, the Consumer Affairs Depart ment sent its newsletter, *Insurance Update,* with an order form and a sample brochure to 1,500 community and consumer leaders. It publicized the brochures through the news media, and III field offices distributed them to local contacts, such as divisions of motor vehicles, mayors, and police departments. In all, more than two million booklets have been distributed to date. The most popular leaflets are *Auto Insurance Basics* and *Taking Inventory.*

What companies should know

An organization considering launching a plain English project should be aware that:

- It sometimes is necessary to alter content in the interest of brevity and simplicity. An industry's publics do not need to become experts in the given field but need to understand the basics and to know what questions to ask when shopping for, or comparing prices of, products and services.
- The involvement of organized groups and other interested parties is desirable to:
  - —insure that consumers get the information they need
  - —add credibility to industry-sponsored material
  - —provide assistance in getting information to consumers through newsletters and direct distribution
- It is important to supply an adequate quantity of free plain English materials. (In the insurance industry this may mean making millions of copies available.) The public is entitled to basic information without charge.
- A sizable amount of money is required for printing and mailing, but costs can be kept down by making the style of the brochures simple and the information generic. This can avoid the need for frequent updating.

This is a page from the Institute's brochure, *Home Security Basics.*

● Remember special vacation time tips. Leave blinds open in their usual position. Have mail and packages picked up, forwarded or held by the post office. Lower the sound of your telephone bell so it can't be heard outside. Arrange to have your lawn mowed or your walk shoveled. Stop newspaper deliveries. Use automatic timers to control lights in your living room and bedrooms. Tell police and dependable neighbors when you plan to be away. Try a makeshift alarm by putting a thin piece of plywood between the top of the door and the frame and piling it with empty tin cans. Anyone opening the door will create a noise that could alert neighbors and frighten intruders.

Payoffs of the project

The payoffs attributable to the Institute's plain English brochures have been significant, though difficult to measure.

- **Consumer reaction has been positive.** Since the first of the brochures was released in June 1980, the Institute has accumulated a thick file of letters from consumers expressing appreciation for the industry's information program. To quote, for example, from a homeowner in upstate New York:

  > Thank you for offering money-saving suggestions and defining insurance terms in plain English. What a wonderful idea that is . . . I would like to thank you for shedding light on a confusing subject. You have restored my faith in the insurance industry and I wish you success in what I hope will be a continuing endeavor to clarify insurance terminology and procedures. . . .

- **Media reaction has been supportive.** The brochures have brought tremendous attention from both the broadcast and the print media. In setting up visits on talk shows and interviews with newspaper reporters throughout the country, III staff have found the brochures to be significant attention getters.

Materials available

- *Auto Insurance Basics*
- *Home Insurance Basics*
- *Tenants Insurance Basics*
- *Home Security Basics*
- *Taking Inventory*

For sample copies of these brochures, send a self-addressed, stamped envelope to:

Insurance Information Institute
Publications Service Center
110 William Street
New York, NY 10038
or call toll-free, 1-800-221-4954.

For further information or a copy of the report on III's *Consumer/Insurance Industry Dialogues*, contact:

Nancy K. Golonka
Director of Consumer Affairs
Insurance Information Institute
110 William Street
New York, NY 10038

Appendix 1

Explanation of Flesch Reading Ease Test

The Flesch test was developed by Dr. Rudolf Flesch, a communications expert, to rate the readibility of written material.

The test considers the average number of words per sentence and the average number of syllables per 100 words. A conversion table is then used to give a "reading ease score." Scores range from 0 (least readable) to 100 (extremely easy).

The minimum score for plain English is 60. To reach this score, material should average about 20 words per sentence and 1.5 syllables per word.

Here's how scores translate to grade level:

Score	**Grade level**
90 to 100	5th grade
80 to 90	6th grade
70 to 80	7th grade
60 to 70	8th - 9th grade
50 to 60	10th - 12th grade
30 to 50	college
0 to 30	college graduate

Source: Flesch, Rudolf. *How to Write Plain English.* New York: Barnes & Noble Books, 1979, pp. 23-25.

Appendix 2

Organizing and Managing a Corporate Plain English Project

A Checklist Based on the Case Studies in this Book

ORGANIZING THE PROJECT

_____ What material do you plan to write or rewrite in plain English?

- _____ one document (warranty, contract, policy, brochure)?
- _____ a series of publications?
- _____ advertisements?
- _____ in-store signs?
- _____ a series of insurance policies?
- _____ others?

_____ Are you certain about your specific objective in writing or rewriting the material?

_____ Are you certain about the precise message of the material?

_____ How will senior management be involved in the project?

_____ Have you briefed your company's managers and staff about the project?

_____ Do they understand why the company decided to write or rewrite the material in plain English?

_____ Do they understand how the simplified material can help the company to:

- _____ cut red tape?
- _____ decrease complaints?

_____ decrease inquiries?

_____ improve productivity?

_____ improve the company's image?

_____ What units in your company should be involved in the plain English project?

_____ Marketing?

_____ Product Development?

_____ Consumer Affairs?

_____ Advertising?

_____ Communications?

_____ Legal?

_____ Engineering?

_____ Technical?

_____ Editorial?

_____ Graphics/Design?

_____ others?

_____ Which unit listed above will be responsible for managing the project?

_____ Who will provide the "plain English expertise"?

_____ consultant?

_____ staff editor?

_____ corporate communications director?

_____ staff business communicator?

_____ other?

_____ If you appoint an internal team, will they:

_____ advise the writers?

_____ write the document?

_____ review the document?

_____ If you hire a consultant, who will be responsible for coordinating between the internal team and the consultant?

MANAGING YOUR RESOURCES

_____ Do you have data in your files that could suggest information to include in the document, and how to present it?

- _____ complaint letters?
- _____ inquiries from customers?
- _____ comments from sales representatives?
- _____ market research?
- _____ survey results?
- _____ other?

_____ Have you considered how you can use consumers in developing this material?

- _____ to identify what information consumers need in the contract or other document?
- _____ to select the topics to be covered in a series of publications?
- _____ to review drafts of a document?
- _____ to test the document to find out whether it's easy-to-read and easy-to-understand?

_____ Have you searched for available guidelines for plain English which may have been developed by an appropriate trade association or professional group?

_____ Should you develop an in-house style manual for plain English, as part of the project?

- _____ to maintain consistency when the material needs to be revised?
- _____ to train staff to write and rewrite materials instead of using a consultant?
- _____ to meet other objectives?

_____ Are there State laws or regulations with which your material must comply?

_____ Have you charted a complete procedure for writing, reviewing, and revising the material?

_____ Who will write the first draft?

_____ Who will review the first draft?

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_____ How will you test the first draft?

_____ How will you proceed with the next draft?

FOLLOWING THROUGH

_____ How will you assure that the final product is legally sound?

_____ Have you arranged for a graphics specialist to design or redesign the material, to make it easier-to-read?

_____ Have you planned to test the final draft to be sure that consumers understand it?

_____ Have you arranged to evaluate the project?

_____ Have you considered using market research as an evaluative tool?

_____ Have you considered how to measure consumers' interest in, comprehension of, and use of the material?

_____ What criteria will you use for judging the project's success?

- _____ fewer inquiries and complaints related to unclear language?
- _____ surveys indicating changes in consumer attitudes towards the company?
- _____ decrease in litigation?
- _____ increase in sales?
- _____ increase in use of the material?
- _____ others?